Service to the Public

Job Creation, Training and Employment Services

A Study Team Report
to the Task Force on Program Review

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JOB CREATION, TRAINING AND EMPLOYMENT SERVICES

A Study Team Report
to the Task Force
on Program Review

March 1985

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FOREWORD

The Task Force on Program Review was created in September 1984 with two major objectives - better service to the public and improved management of government programs. Recognizing the desirability of involving the private sector in the work of program review, assistance from national labour, business and professional organizations was sought. The response was immediate and generous. Each of these national organizations selected one of their members to serve in an advisory capacity. These public spirited citizens served without remuneration. Thus was formed the Private Sector Advisory Committee which has been responsible for reviewing and examining all of the work of program review.

The specific program reviews have been carried out by mixed study teams composed of a balance of private sector and public sector specialists, including representatives from provincial and municipal governments. Each study team was responsible for the review of a "family" of programs and it is the reports of these study teams that are published in this series. These study team reports represent consensus, including that of the Private Sector Advisory Committee, but not necessarily unanimity among study team members, or members of the Private Sector Advisory Committee, in all respects.

The review is unique in Canadian history. Never before has there been such broad representation from outside government in such a wide-ranging examination of government programs. The release of the work of the mixed study teams is a public acknowledgement of their extraordinarily valuable contribution to this difficult task.

Study teams reviewed existing evaluations and other available analyses and consulted with many hundreds of people and organizations. The teams split into smaller groups and consulted with interested persons in the private sector. There were also discussions with program recipients, provincial and municipal governments at all levels, from officials to cabinet ministers. Twenty provincial officials including three deputy ministers were members of various study teams.

The observations and options presented in these reports were made by the study teams. Some are subjective. That was necessary and appropriate considering that the review phase of the process was designed to be completed in a little more than a year. Each study team was given three months to carry out its work and to report. The urgent need for better and more responsive government required a fresh analysis of broad scope within a reasonable time frame.

There were several distinct stages in the review process. Terms of reference were drawn up for each study team. Study team leaders and members were appointed with assistance from the Private Sector Advisory Committee and the two Task Force Advisors: Mr. Darcy McKeough and Dr. Peter Meyboom. Mr. McKeough, a business leader and former Ontario cabinet minister, provided private sector liaison while Dr. Meyboom, a senior Treasury Board official, was responsible for liaison with the public sector. The private sector members of the study teams served without remuneration save for a nominal per diem where labour representatives were involved.

After completing their work, the study teams discussed their reports with the Private Sector Advisory Committee. Subsequently, their findings were submitted to the Task Force led by the Deputy Prime Minister, the Honourable Erik Nielsen. The other members are the Honourable Michael Wilson, Minister of Finance, the Honourable John Crosbie, Minister of Justice, and the President of the Treasury Board, the Honourable Robert de Cotret.

The study team reports represent the first orderly step toward cabinet discussion. These reports outline options as seen by the respective study teams and present them in the form of recommendations to the Task Force for consideration. The reports of the study teams do not represent government policy nor are they decisions of the government. The reports provide the basis for discussion of the wide array of programs which exist throughout government. They provide government with a valuable tool in the decision-making process.

Taken together, these volumes illustrate the magnitude and character of the current array of government programs and present options either to change the nature of these programs or to improve their management. Some decisions were announced with the May budget speech, and some subsequently. As the Minister of Finance noted in the May budget speech, the time horizon for implementation of some measures is the end of the decade. Cabinet will judge the pace and extent of such change.

These study team reports are being released in the hope that they will help Canadians understand better the complexity of the issues involved and some of the optional solutions. They are also released with sincere acknowledgement to all of those who have given so generously of their time and talent to make this review possible.

TERMS OF REFERENCE

PURPOSE

There are 64 programs listed in Annex A directed in whole or in part to job creation, training and employment services. Sixty-three of these programs in total involve 8,810 person-years, nine departments, $1.7 billion in grants and contributions, and $220 million in federal revenue costs. In addition, a portion of the Unemployment Insurance Program is directed to worksharing, while a portion of the Canada Assistance Plan is under consideration for job creation or wage subsidy activities.

The Study Team will examine the appended list closely with a view to structuring its examination with respect to programs providing direct job creation, targeted job creation (e.g. handicapped workers), employment services (e.g. Directory of Employers), and training. The team will also consult with those who are engaged in a review of policies and programs requested by the Minister of Employment and Immigration.

Based on an appropriately modified list of programs, the Ministerial Task Force on Program Review seeks the advice and conclusions regarding a profile of government programs in this domain which is simpler, more understandable and more accessible to its clientele, and where decision making is decentralized as far as possible to those in direct contact with client groups. Included in this advice could be observations regarding:

> Areas of duplication between the federal and provincial governments with respect to job creation and training, and with respect to the federal jurisdiction:
>
> Programs that might be eliminated.
>
> Programs that could be reduced in scope.
>
> Groups of programs that could be consolidated.
>
> Programs whose basic objective is sound but whose form should be changed.

A summary overview of the legislation that would be required to implement any of these program changes.

The resource implications of any recommended program changes, including increased costs or savings and the number and location of either increases or decreases in staff.

By means of background information to its conclusions the Study Team is asked to obtain answers to three sets of questions or concerns regarding beneficiaries; efficiency and overlap; and gaps and omissions.

Beneficiaries

The principal beneficiaries of training, employment service, and job creation programs.

Geographical distribution of training and job creation projects in relation to local unemployment levels.

Permanency of jobs created.

The question of "cycling" between job creation programs and other social measures such as unemployment insurance and training programs.

Extent to which training programs have been related to the requirements of industry, and have led to permanent employment.

Are programs appropriately targeted?

Efficiency and Overlap

Programs which are particularly troublesome to beneficiaries in terms of red tape, paper work, and delays.

Illustrative cases where individuals or groups of individuals have benefited from a multitude of job creation measures including those offered by provincial governments, and where:

> The programs are complementary,
>
> The programs involve substantial duplication or overlap.

Cases where programs could be delivered more efficiently by private sector organizations.

Number and location of regional offices of CEIC.

Approaches used by other countries (e.g. Germany, UK, USA, France, Australia) to the delivery of programs such as those covered by this review.

Gaps and Omissions

Direct spending or tax expenditure programs which should be taken into account in this review but are not in the list of programs in the Annex.

LINKAGE WITH CONSULTATION PAPERS

At the moment a consultation paper is being prepared on training. Once published, this paper will serve to stimulate discussion and consultation between the private sector and responsible ministers on possible future policy options. Although the Study Team will undoubtedly want to examine and take note of this paper when it is available, the team's central task will be to advise the Ministerial Task Force along the lines set out above.

COMPOSITION OF STUDY TEAMS

The Study Team shall be led by a senior government official at the EX 4-5 level, who will be appointed in consultation with the department most closely affected by this program review. The team director will report to both the Public Sector Adviser and the Private Sector Liaison Adviser serving the Chairman of the Task Force. The director will be supported by three seconded government officers and a matching number of private sector representatives nominated through the Private Sector Advisory Committee. The team, or its director, shall meet with the Public Sector and Private Sector Liaison Advisers at their request.

WORK PROGRAM

In view of the multiplicity of programs that fall within the general category of job creation and training, it will be desirable to assign specific tasks to sub-teams dealing with specific subjects. To this end, the Study Team will submit for consideration by the Ministerial Task Force a detailed workplan showing what sub-teams will be organized for that purpose.

The Study Team shall have access to any evaluations or evaluative tools departments have with respect to programs covered by this review.

REPORTING SCHEDULE

The Study Team is requested to report its initial findings to the Ministerial Task Force on March 1, 1985. In addition, the Task Force will receive brief progress reports on the work of this and other Study Teams at all regular meetings.

COMMUNICATION WITH DEPARTMENTS

Ministers of those departments directly affected by this review, will be advised which programs under their jurisdiction will be included.

JOB CREATION, TRAINING AND EMPLOYMENT PROGRAMS

DND	999	YOUTH TRAINING AND EMPLOYMENT
EIC	1	NATIONAL JOB BANK
EIC	4	JOB FINDING CLUB
EIC	7	CHOICES
EIC	8	CAREERS CANADA
EIC	9	CAREERS PROVINCES
EIC	10	VOCATIONAL TRAINING (ALLOWANCES AND TRAINEE TRAVEL)
EIC	11	CANADA MOBILITY PROGRAM
EIC	12	OUTREACH PROGRAM
EIC	13	CANADA FARM LABOUR POOLS
EIC	14	FED/PROV AGRICULTURAL EMPLOYMENT
EIC	15	YOUTH WORKERS EXCHANGE PROGRAM
EIC	16	SECOND CAREER ASSISTANCE NETWORK (SCAN)
EIC	18	YOUTH TRAINING OPTION
EIC	19	CANADA EMPLOYMENT CENTRES - ON CAMPUS
EIC	20	DIRECTORY OF EMPLOYERS OF COLLEGE AND UNIVERSITY GRADS
EIC	21	COLLEGE AND UNIVERSITY PROGRAMS IN CANADA
EIC	22	CANADA EMPLOYMENT CENTRES FOR STUDENTS
EIC	23	NATIVE INTERNSHIP PROGRAM
EIC	24	STUDENTS EXCHANGE PROGRAM
EIC	25	JOB CORPS
EIC	26	CAREER ACCESS
EIC	27	AFFIRMATIVE ACTION PROGRAM/FEDERAL CONTRACTS PROGRAM
EIC	29	CARIBBEAN AND MEXICAN SEASONAL AGRICULTURAL WORKERS
EIC	30	CANADA-MEXICO EXCHANGE PROGRAM
EIC	31	EMPLOYMENT SERVICES - JOB PLACEMENT, LABOUR MARKET INFO, COUNSELLING
EIC	33	INDUSTRIAL ADJUSTMENT SERVICE
EIC	34	ASSISTANCE - BLUE-COLLAR TRADES
EIC	37	LOCAL EMPLOYMENT ASSISTANCE AND DEVELOPMENT (LEAD)
EIC	38	CANADA WORKS
EIC	39	MODIFIED INDUSTRY AND LABOUR ADJUST PROGRAM
EIC	40	SKILLS GROWTH FUND
EIC	41	CANADIAN INDUSTRIAL RENEWAL PROGRAM (LAB)
EIC	43	WORKSHARING PROGRAM
EIC	44	UI FUNDED TRAINING ALLOWANCES

EIC	56	INDEPENDENT IMMIGRANTS AND FOREIGN WORKER RECRUITMENT
EIC	101	EMPLOYMENT CREATION GRANTS AND CONTRIBUTIONS
EIC	102	CREATIVE JOB SEARCH TRAINING
EIC	103	TESTS AND TESTING SERVICES
EIC	132	NATIONAL INDUSTRIAL TRAINING PROGRAMS (INCLUDES GIT AND CTST)
EIC	164	VOCATIONAL TRAINING (PURCHASES)
EIC	994	SPECIALIZED YOUTH UNITS
EIC	995	WOMEN'S EMPLOYMENT COUNSELLING CENTRES
EIC	996	COMPUTER ASSISTED SCREENING (COMPASS)
EIC	997	NATIONAL EMPLOYMENT SERVICES SYSTEM
EIC	998	JOBSCAN/NOACS/CCDO
EIC	999	CANADIAN OCCUPATIONAL PROJECTION SYSTEM
FIN-TEP	24	CHILDCARE EXPENSE DEDUCTION - TAX EXPENDITURE PROGRAM
FIN-TEP	997	MOVING EXPENSES DEDUCTION - TAX EXPENDITURE PROGRAM
FIN-TEP	999	TAX EXPENDITURE PROGRAM - NORTHERN ALLOWANCES
HWC	111	CANADA ASSISTANCE PLAN (CAN.-QUE. AGREEMENT)
LC	9	LABOUR ADJUSTMENT BENEFITS PROGRAM
MRC	1	MEDICAL RESEARCH COUNCIL OF CANADA
NSERC	1	NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL
PSC	2	CAREER ORIENTED SUMMER EMPLOYMENT (COSEP)
PSC	3	NON CAREER-ORIENTED SUMMER EMPLOYMENT
PSC	4	CO-OPERATION EDUCATION PROGRAM
PSC	10	NORTHERN CAREERS PROGRAM
PSC	12	AFFIRMATIVE ACTION (HANDICAPPED PERSONS)
PSC	13	AFFIRMATIVE ACTION (WOMEN)
PSC	101	NATIONAL INDIGENOUS DEVELOPMENT PROGRAM
PSC	102	EQUAL OPPORTUNITY PROGRAM
SS	48	KATIMAVIK
SSHRC	999	HUMAN RESOURCES DEVELOPMENT (SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL)

STUDY TEAM MEMBERS

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MAIN OVERVIEW

The approach of the Study Team has been "bottom up", in the sense that it has proceeded on a program-by-program basis. Pursuant to its terms of reference, the Study Team's focus has been to question whether individual programs could be improved, consolidated, reduced in scope or eliminated. As background to our conclusions, we have endeavoured to comment on the nature of each program's beneficiaries, and to identify issues relating to efficiency and duplication with other programs, federal or provincial. We have also endeavoured to identify areas where the delivery of programs could be made simpler, more understandable and more accessible to its clientele.

In carrying out its work over the past two months, the Study Team has drawn on a number of information sources, including internal departmental program evaluations which have been available for most of the programs on our list. In our view, these evaluations could be improved in several ways: first, we have observed that they are generally not focused directly on expenditure reduction; second, they often do not satisfactorily take into account the perceptions of the clientele concerning the programs; and third, the evaluations are sometimes out-of-date. However, notwithstanding these deficiencies, we wish to stress that, in our view, we have generally found the internal departmental program evaluations to be very useful and this report would have suffered considerably without them.

In addition to internal departmental evaluations, the Study Team benefited greatly from its extensive cross-Canada consultations with a cross-section of program beneficiaries and also with program managers, both at headquarters and in the field. Within the short time available, we have endeavoured, as much as possible, to interview representatives from the private sector (including large and small business, and labour) in order to benefit from their perceptions and concerns regarding federal job creation, training and employment programs. We also convened panels of experts in four cities (Halifax, Toronto, Montreal and Vancouver). These panels were composed of individuals with experience and knowledge of job creation, training and employment programs with representation from employers (both large and small), labour, women's groups and educators. We did not consult directly with representatives of the provincial governments in order not to overlap with consultations that the Minister of Employment and Immigration was conducting at the same time as we were carrying out our consultations.

In our program review we have endeavoured, to the greatest extent possible, to provide cost data on individual programs, including estimates for future years. As well, we have included our best possible estimates of cost reductions where we have suggested an alternative that would result in terminating a program or reducing its level of funding. However, while departmental managers have generally been helpful in providing us with financial information on their programs, we wish to express our disappointment that a simple, comprehensive source of information on individual program costs was not always readily available from some departments or from central agencies.

In conducting our "bottom up" program review, the Study Team has taken note of the policies and principles espoused by the government in the Throne Speech and in the November 8, 1984 Economic and Fiscal Statement. We also took note of subsequent consultation documents that have been issued, in particular the Consultation Paper on Training issued in early December by the Minister of Employment and Immigration. Finally, special note has been taken of the consensus reached between the federal and provincial governments at the recent First Ministers Conference on basic directions for training and employment matters and of the new federal employment opportunities strategy which was announced by the Prime Minister at the Conference.

As shown in Table 1, programs administered by Employment and Immigration Canada (EIC) account for about 75 per cent of the number of direct expenditure programs reviewed by the Study Team, and for about 90 per cent of the total direct expenditure outlays*. The remaining programs that we reviewed are administered by several other departments and agencies (National Defence, Labour, National Health and Welfare, Secretary of State, the Public Service Commission, the Medical Research Council, the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council).

* Table 1 does not include the forgone tax revenues associated with the five tax expenditure programs reviewed by the Study Team.

Table 1

Number of Training, Job Creation, and Employment Programs and Their Expenditures for 84/85* By Major Program Group For EIC and Other Departments and Agencies

Program Group	Employment & Immigration	Other Depts. and Agencies	TOTAL
Number of Programs			
Training	7	4	11
Job Creation	6	2	8
Employment Programs	37	9	46
TOTAL	50	15	65
Expenditures ($ Millions)			
Training	1,232.5	138.8	1,371.3
Job Creation	972.8	84.8	1,057.6
Employment Programs	220.4	48.8	269.2
TOTAL	2,425.7	272.4	2,698.1

* Table 1 does not include the forgone tax revenues associated with the five tax expenditure programs reviewed by the Study Team.

The training programs shown in Table 1 account for about $1.4 billion in program expenditures in 1984/85, and this represents about 51 per cent of the total program expenditures reviewed by the Study Team. In terms of program expenditures, the National Institutional Training Program is the largest program within the training program group, accounting for approximately $900 million in program expenditures in 1984/85. Under this program, the federal government purchases seats in classroom courses offered in institutions generally operated by provincial governments and provides financial assistance, in the form of allowances, to trainees taking these courses. Other programs within the training program category in Table 1 include: the Skills Growth Fund, under which the federal government provides financial assistance for capital-related projects, primarily in provincial government institutions; the National Industrial Training Program, under which the federal government provides financial assistance to industry-based training, both under the Critical Trade Skills Training (CTST) component and the General Industrial Training (GIT) component; two youth training programs, one administered by Employment and Immigration Canada (the Youth Training Option) and the other by the Department of National Defence (the Youth Training and Employment Program); and, training programs administered by the three granting councils which are targeted at training highly qualified personnel in the natural sciences, engineering, social sciences, humanities and medical research fields.

The job creation programs shown in Table 1 account for about $1.1 billion in expenditures in 1984/85, and this represents about 39 per cent of the total program expenditures reviewed by the Study Team. In terms of program expenditures, the Canada Works Program is the largest program within the job creation group, accounting for about $625 million in program expenditures in 1984/85. The stated intent of the Canada Works Program is to be a short-term, contra-cyclical program to create jobs for the unemployed. Other programs within the job creation group include: the Career Access and Job Corps Programs, which are targeted on severely employment-disadvantaged persons, with an emphasis on youth; the Local Employment Assistance and Development (LEAD) Program, whose stated objective is to increase the number of permanent jobs in localities of high levels of long-term unemployment; the Katimavik Program, a national volunteer service for young people; a job creation component of the Canada Assistance Plan, pursuant to an agreement between the federal and Quebec governments which is designed to assist Quebec welfare recipients under the age of 30 to obtain employment; and, the Work Sharing Program, whose objective is to avert layoffs arising from a temporary work shortage.

The employment programs shown in Table 1 account for about $270 million in expenditures in 1984/85, and this represents about 10 per cent of the total program expenditures reviewed by the Study Team.

In terms of expenditures, the general job placement and counselling programs provided by Employment and Immigration Canada, through more than 450 regular local Canada Employment Centres across the country, account for almost half of the total expenditures in the group of employment programs. Program expenditures for these placement and counselling services are estimated to be about $128 million in 1984/85, involving about 4,000 person-years to deliver. The placement service involves the matching of employers' vacancies with available workers, while the counselling service involves advising workers about their career development. Program costs are charged against the Unemployment Insurance Account rather than the Consolidated Revenue Fund.

Table 2 provides an overview of the regional distribution of program expenditures for the job creation, training and employment programs reviewed by the Study Team.

Table 2

Regional Distribution of Selected Program Expenditures[1] 1984/85 vs. Labour Force Share and Average Unemployment Rate 1984 (per cent)

Program Group	**Atlantic**	**Quebec**	**Ontario**	**Prairies/ N.W.T.**	**B.C./ Yukon**
Training[2]	12.2	25.4	30.4	20.0	12.0
Job Creation[3]	17.8	32.3	22.1	12.9	14.9
Employment Services[4]	12.8	28.4	29.8	18.2	10.8
Labour Force	7.7	25.2	37.6	18.1	11.4
Unemployment Rate[5]	15.4	12.8	9.1	9.8	14.8

[1] Accounts for approximately 90 per cent of total job creation, training and employment expenditures.

[2] Excludes the Granting Councils.

[3] Excludes Katimavik.

[4] Excludes the Industrial Adjustment Programs.

[5] The national unemployment rate in 1984 was 11.3 per cent.

As shown in Table 2, the proportion of job creation expenditures in the Atlantic provinces and Quebec is considerably greater than their respective shares of the national labour force. In this regard, it should be noted that the annual unemployment rate for 1984 is higher in the Atlantic provinces and Quebec than for the country as a whole. The Atlantic provinces also account for a somewhat larger share of training and employment program expenditures than their share of the national labour force, while Quebec's share of these expenditures is closer to its share of the national labour force.

EXPERIENCE OF OTHER COUNTRIES

The Study Team believes that the Task Force on Program Review should consider recommending to the government that there be a greater decision-making role for the private sector in the development and operation of labour market programs. In this regard, we have obtained some information on the experience of other countries in involving business and labour in a direct role in the operation of such programs. Because of time constraints, however, the Study Team has not been able to make an in-depth comparison in this area. Nonetheless, we have identified theapproach taken by West Germany as being one involving a strong decision-making role for the private sector in labour market programs. In the case of West Germany, such programs are delivered through the Federal Employment Institute which is administered at arm's-length from government, by a tripartite board composed of representation from business, labour and two levels of government. We recognize that the Canadian environment is very different from the West German. Nonetheless, we believe that the involvement of the private sector in both a decision-making and advisory role, in cooperation with two levels of government, is an interesting approach. In our view, the merits of the West German approach could usefully be explored further by both our federal and provincial governments, as well as representatives from the private sector.

OBSERVATIONS REGARDING CERTAIN USES OF UNEMPLOYMENT INSURANCE FUNDS

During its consultations the Study Team heard a number of complaints about the Unemployment Insurance (UI) Program, including the concern about the sharp escalation in UI premiums and that this is a deterrent to hiring labour. In this regard, considerable concern was expressed about the uses of UI funds for employment programs. Such uses of UI funds include:

a. section 37 of the Unemployment Insurance Act makes provision for the payment of the Work Sharing Program out of UI funds;

b. section 38 of the Unemployment Insurance Act allows the wage portion of certain job creation projects to be charged to the UI Account for those who are eligible and whose immediate employment prospects are poor; and

c. section 39 of the Unemployment Insurance Act allows a UI claimant to enter a training program and to receive regular UI benefits in lieu of a training allowance. Concern was expressed in the consultation process about the appropriateness of funding these uses out of the UI Account as opposed to general tax revenue.

We also note that certain other EIC programs, including the general job placement and counselling services, are also funded out of the UI Account. In our view, commenting on the validity of the above-noted uses of UI funds is beyond our mandate. Furthermore, we note the review of the UI Program announced by the Minister of Finance in the November 8, 1984 Economic and Fiscal Statement. We believe that the uses of UI funds referred to above are more appropriately addressed as part of that review.

PROGRAM ASSESSMENTS
TRAINING AND JOB CREATION PROGRAMS

Introduction

In the case of certain existing training programs, the Study Team has formally suggested options which involve substantial reductions in the level of funding or program termination. This has been the case particularly where we have not been persuaded that the current level of government support for these programs is justified on economic or social grounds (in terms of training that is likely to generate employment) and/or where we believe that the provinces could be assuming a greater role within the context of their primary responsibility for education. In particular, we have suggested to the Task Force that the government consider substantial cutbacks in funding for the National Institutional Training Program and for the Critical Trade Skills component of the National Industrial Training Program. We have also suggested the alternative of terminating the Skills Growth Fund.

Based on our detailed assessment of the National Institutional Training Program, we believe that there exist serious grounds for concern that the federal government is over-investing in institutional training. In this regard, we note the following points.

Large numbers of trainees appear to have difficulty in obtaining employment in occupations directly related to the courses they took. Even in 1979/80, when unemployment was generally much lower than at present, one-third of training expenditures were spent on courses relating to surplus occupations.

In our consultation process, there was general agreement that training only for the sake of training is undesirable.

There is a great lack of private sector input into the selection and design of institutional training courses to meet anticipated occupational needs.

About 20 per cent of the federal expenditures on institutional training are for upgrading basic academic skills under the Basic Training for Skill Development (BTSD) component. In our view, the BTSD component appears to be directed at meeting worker needs which have resulted from deficiencies in provincial educational programs.

The Study Team is of the view that any reduction in federal support for institutional training would likely be met by opposition from the provinces and program beneficiaries. Nevertheless, in light of the concerns noted above, we have suggested to the Task Force on Program Review an option which would result in substantial reduction in the present level of federal funding for the National Institutional Training Program. We have suggested that potential expenditure reductions of approximately $45 million in 1985/86 could be obtained by confining federal support for institutional training to 95 per cent of 1984/85 levels. This is in keeping with present federal/provincial institutional training agreements with the provinces which guarantee 90 per cent of the previous years's level of funding plus an inflationary factor based on the consumer price index.

We have also suggested to the Task Force that the government consider, in the context of renegotiating the federal/provincial institutional training agreements which expire March 31, 1986, basing its position on:

a. a 25 per cent reduction in 1986/87 in the overall level of federal funding for institutional training compared with presently authorized levels of $883 million for 1985/86, including phasing out of federal support for Basic Training for Skill Development over a three-year period commencing in 1986/87, and

b. a reduction or elimination of the current 90 per cent guarantee of annual funding.

In the case of the Skills Growth Fund Program, we have suggested to the Task Force that the government consider terminating the program. In our view, if additional expenditures are required at the community college level to ensure that equipment and facilities are up to date and meeting the needs of trainees, a strong case can be made that such funds should be provided by the provinces. In this regard we note that substantial federal transfers are already being made to the provinces for post-secondary education ($4.2 billion in 1984/85) and also that the existing National Institutional Training Program already provides for depreciation allowances to cover plant and equipment replacement.

In the case of the Critical Trade Skills Training (CTST) component of the National Industrial Training Program, we have suggested as an option that its authorized level of funding could be limited to not more than $50 million in 1985/86, which compares with the present budgetary estimate of about $99 million for 1985/86. In regard to this suggested alternative, the Study Team notes that the base funding levels for CTST were established in 1982 and that they assumed a severe shortage of certain designated critical skills within the context of projected levels of economic activity that have proven to be overly optimistic. We also note that the number of occupations designated as critical has been considerably reduced recently and that CTST has had a history of substantial lapses of program funding (some $28 million in 1983/84). Finally, we note that private sector representatives with whom we consulted (large and small business, and labour) generally agreed that adequate information does not exist in the government for identifying future critical trade skills shortages.

Where the Study Team has been persuaded that existing training and job creation programs are meeting an important social need (helping those who need it the most), our suggested alternative has been limited to program consolidation designed to facilitate better delivery to the clientele and possibly to reduce administrative costs. Within this context, we have suggested to the Task Force that the existing Career Access and Job Corps Programs, and the General Industrial Training Program (which is now exclusively focused on those with special needs), could be considered by the government for consolidation into one program targeted at severely employment- disadvantaged persons. In this regard, the Study Team notes that all three of these EIC programs overlap significantly in terms of their program beneficiaries.

The Study Team supports, in principle, a continuing role for the federal government in job creation programs, until the unemployment rate diminishes substantially. However, we believe that such programs in the past (e.g. Canada Works) have often been of a make-work nature and have been insufficiently coordinated with the private sector and the provinces. In this regard, we note the federal government's recently announced commitment at the First Ministers Conference to cooperate much more closely than in the past with the provinces and the private sector to develop new job creation programs. In the case of the provinces, such cooperation could be facilitated through new long-term federal/provincial agreements combining both job creation and training. Furthermore, we believe that there should be strong input from business and labour on the determination of job creation projects, as well as on the appropriate program mix and targeting. In our view, the type of agreements described above should provide for the reallocation of funds between training and job creation in order to provide flexibility to address the problems of the longer-term unemployed. We also note that the small business and service sectors are the principal sources of new jobs and we suggest, therefore, that any new job creation programs should be targeted on these sectors to a much greater extent than in the past.

In our view, certain existing job creation programs are not justified. In this regard, the Study Team concluded that the Katimavik Program is less beneficial than programming targeted on unemployed youth, as a substantial number of Katimavik participants would otherwise be in school and many return to school after they have been on the program. In the case of LEAD, the Study Team has suggested to the Task Force on Program Review the option of terminating the program in light of the apparent duplication with DRIE programs and provincial measures, the long lead times to pay-off and the high risk factors involved.

NATIONAL INSTITUTIONAL TRAINING PROGRAMS

OBJECTIVE

To meet the skill needs of the economy and to improve the employability and/or earning capacity of participants.

AUTHORITY

National Training Act, 1982 and Unemployment Insurance Act, Section 38.

DESCRIPTION

Classroom courses in occupational skills are purchased almost entirely from provincial institutions. Individual trainees are enrolled in courses by local Canada Employment Centres operated by the Canada Employment and Immigration Commission (CEIC). Full time courses of up to 80 weeks are available plus part-time courses. Trainee financial assistance while on course is provided by:

- Unemployment Insurance (where the trainee is eligible); or
- training allowances (for full time trainees where not eligible for Unemployment Insurance); and
- other training related expenses.

Major program components under Institutional Training are:

Occupational Skill Training (Levels of training activity are determined both by economic and social criteria); approximately 54 per cent of program expenditures.

Basic Training for Skill Development (Academic upgrading and job readiness training); approximately 20 per cent of expenditures.

Language Training (Assistance to immigrants and inter-provincial migrants to become basically fluent in English or French to obtain employment); approximately 10 per cent of expenditures.

Apprenticeship (Training levels are determined by firms' own in-industry training activities. This component underwrites the cost of classroom training under provincial apprenticeship programs); approximately 16 per cent of expenditures.

BENEFICIARIES

Any adult who has not attended school on a regular basis for any period of 12 consecutive months since reaching official school-leaving age or who is training in a designated occupation in strong national demand. Program utilization is heavily concentrated on the unemployed and members of the youth category, with approximately 170,000 trainees enrolled in skill training programs.

EXPENDITURES

Program Expenditures
($ millions)

	80/81	81/82	82/83	83/84	84/85 (est.)	85/86 (est.)
Course Purchases	395.0	419.9	482.3	516.0	525.3	525.0
Allowances	103.6	105.7	109.1	115.8	119.6	96.8
UI Benefits	157.8	166.5	206.0	221.5	259.0	261.0
TOTAL	656.4	692.1	797.4	853.3	903.9	882.8
Person-Years	468	497	515	491	449	445

OBSERVATIONS

As education is constitutionally under provincial jurisdiction, federal institutional training programs are implemented through federal- provincial agreements signed under the National Training Act. CEIC negotiates agreements with each province covering the purchase and types of training courses and the level of federal funding. Current agreements were originally scheduled to expire March 31, 1985 but a one-year extension of the agreements was recently negotiated. The agreements guarantee the provinces 90 per cent of the previous year's level of funding for institutional training plus an inflationary factor based on the Consumer Price Index. This provision reduces considerably federal flexibility in funding decisions and inhibits the shifting of funds to provinces with greater potential of training for occupations in demand. No such guarantee exists for industrial training.

Federal funding of institutional training represents a significant proportion of the funding received by the provincial community/institutional colleges (approximately 25 per cent). Institutional training also represents a large proportion of total CEIC expenditures on training (approximately 84 per cent in 1983/84).

Federal expenditures on institutional training are in addition to federal transfers for post-secondary education under the Fiscal Arrangements Acts. The value of these transfers, consisting of both cash and tax points, is estimated at $4.2 billion in 1984/85.

Based on CEIC evaluations to date:

a. When focused on skills where there are job openings, institutional training has demonstrated a potential to enhance the employability and earnings of workers (average trainee employability increased from 57 per cent in the year before training to 75 per cent after training).

b. However, evaluations indicate that a significant proportion of training has been increasing supplies of workers in occupations that are in surplus in the economy. Evaluations in 1979/80 indicated that around one-third of the training was in occupations where a surplus already existed. More recently, the program's three-month follow-up of graduates indicated only 57 per cent had found jobs and only 31 per cent had found employment in occupations directly related to their training.

c. Based on the high drop-out rates recorded in some cases, there is evidence of inadequate trainee selection procedures. CEIC data indicate that in Basic Training for Skill Development (BTSD) one in three workers opted out of the course before completion.

During the consultation process, many representatives of business and labour expressed concern over the lack of an adequate information system on which to base institutional training relative to occupational and skills shortages.

These representatives also expressed concern about the use of Unemployment Insurance funds to support training activities, particularly when the training did not result in significant reductions in unemployment.

In December 1984, the Minister of EIC issued a consultation paper on training. Annex 1 to that paper contained a forecast, based on a Canadian Occupational Projection System reference case scenario developed for CEIC by Informetrica, of the occupations expected to contribute most to employment growth in Canada over the period 1983-1992. Of the 30 occupations forecast to grow, a substantial number are low-level skill jobs for which little formal training would be required. Only three or four relate to high technology or skilled trades. Therefore, for most of the 30 occupations, which are forecast to contribute 40 per cent of employment growth in the next few years, the role of institutional training would appear to be relatively minor.

ASSESSMENT

The Study Team has concluded that there exist serious grounds for concern that the federal government is over-investing in institutional training. In this regard, the following points are noted:

a. large numbers of trainees appear to have difficulty in obtaining employment in occupations directly related to their courses;
b. in 1979/80 when unemployment generally was much lower than at present, one-third of training expenditures were focused on surplus occupations;
c. many business and other representatives expressed concern during the consultation process conducted by the Study Team over the lack of adequate private sector input, particularly at the community level, into the selection and design of training courses, and the absence of a mechanism to adequately identify the demand for skills, resulting in continued imbalances in many occupations and a serious proportion of persons trained in surplus occupations;
d. there was widespread agreement that training only for the sake of training is undesireable.

It can also be argued that a significant portion of federal expenditures on institutional training, particularly BTSD, is directed at meeting worker needs which have developed as a result of deficiencies in the provincial educational programs.

Any reduction in federal support for institutional training could be met by opposition from the provinces and from program beneficiaries.

Termination of federal support for institutional training would likely result in a major confrontation with the provinces and could lead to some reduction in employment opportunities for the principal beneficiary group. Program termination particularly with respect to the apprenticeship programs, in our view, would likely lead to an increase in occupational skills shortages in certain areas.

OPTIONS

The Study Team recommends to the Task Force that the government consider the following:

Potential expenditure reductions of approximately $45 M in 1985/86 could be obtained by confining federal support for institutional training to 95 per cent of 1984/85 levels. This would enable the federal government to meet its commitments under the federal/provincial agreements. This option would require immediate action as the agreements provide that the federal government will endeavour to notify the provinces of the funding levels prior to the fiscal year.

Under this option, in the context of re-negotiating the federal/provincial training agreements which expire March 31, 1986, the federal government's position could be based on:

a. a 25 per cent reduction in 1986/87 in the overall level of federal institutional training compared with the authorized funding level in 1985/86 of $883 million, including phasing out federal support for Basic Training for Skill Development over a three-year period, starting in 1986/87; and
b. reduction or elimination of the current 90 per cent guarantee of annual funding.

The effectiveness of institutional training programs could also be improved by providing more private sector input (large and small business, labour) into the design and selection of courses, through the federal/provincial Labour Market Needs Committees which are established under the federal/provincial agreements. Other suggested improvements include improved screening/selection of trainees, more attention to skills upgrading courses and local business/labour involvement at the community level in course selection/design.

Distribution of Program Funds by Region as a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Institutional Training (Course Purchases)

	Atlantic	**Quebec**	**Ontario**	**Prairies**	**British Columbia**
% of 1984/85 Program Funds	12.0	27.8	30.8	19.8	9.6
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

NATIONAL INDUSTRIAL TRAINING PROGRAM

OBJECTIVE

The Industrial Training Program is composed of two components with objectives as stated below:

a. Critical Trade Skills Training (CTST)

To put in place a continuing training capacity to deal with persistent and critical shortages in higher skill occupations;

b. General Industrial Training (GIT)

Assist employers to establish or expand their training capacity;

Remedy persistent shortages of skilled workers;

Minimize lay-offs resulting from technological or other changes;

Provide workers who have special needs and other unemployed persons who lack marketable skills with employment opportunities.

AUTHORITY

National Training Act, 1982.

DESCRIPTION

Both components provide financial assistance to employers to increase training activities. CTST assists employers to provide longer term training up to 104 weeks to employees in occupations designated as experiencing persistent shortages because Canadian training capacity is severely underdeveloped. Assistance takes the form of reimbursement of eligible training costs and a percentage of wages paid to trainees. Wage reimbursement rates range from 50 per cent for regular trainees to 75 per cent for women being trained in non-traditional occupations and 85 per cent for trainees with special needs. Training Technical Services are provided by provincial governments under special arrangements with CEIC. Federal training agreements require provincial concurrence with training proposals. As a result of the November 8, 1984 Expenditure and Program Review, the funding for the General Industrial Training component will be reduced by $70 million in 1985/86 along with the restriction that funding assistance be confined to disadvantaged persons such as the physically and mentally disabled, ex-offenders, ex-alcoholics, ex-drug users, etc.

BENEFICIARIES

Any Canadian employer or employer association whose operations are not financed primarily by public funds is eligible to apply for training assistance. If training is designed for people with special needs, any employer is eligible to apply, except federal departments or agencies.

Persons are eligible for training provided they are:

at or beyond the regular school leaving age of the province in which they reside;
employees of the contracting employer or members of the contracting association during the training period;
likely to derive continuing benefit from the training and work experience in terms of increased employment and/or earning capacity.

Some 12,500 workers were enrolled in CTST in 1983/84 with a strong focus on upgrading for those already employed. Approximately 4,200 were enrolled under GIT as Special Needs Clients in the same year with youth, women, natives, the handicapped, and welfare recipients included in the coverage.

EXPENDITURES

Program Expenditures*	83/84 Actual	84/85 Estimate	85/86 Budget
		($millions)	
G.I.T.	77.6	82.5	25.8
C.T.S.T.	47.9	71.8	95.4
TOTAL	125.5	154.3	121.2

* Excludes provincial administration costs.

ASSESSMENT - General Industrial Training

CEIC program evaluations of industrial training suggest that it does contribute towards increasing the employability of workers (from 40 per cent before to 70 per cent after training). However, this should be balanced against the fact that evaluations to date have shown a significant proportion of GIT trainees were involved in occupations where surpluses already existed. No empirical evidence has been presented to the Study Team that would indicate that this problem has been corrected. This raises questions regarding unfulfilled job expectations on the part of trainees as well as losses in the value of training through the absence of an opportunity to use newly-acquired skills. The evaluations also raise concerns regarding program incrementality. Approximately four out of five employers surveyed by CEIC in 1979/80 indicated they would have trained in any event. A number of employers interviewed by the Study Team continue to express these concerns.

In the Study Team's consultation process, several representatives from business and labour expressed frustration at the ability of the province to veto proposed training programs.

With the recent restriction limiting GIT funding to disadvantaged groups only, there appears to be considerable overlap between the clientele of this program and job creation programs, in particular Job Corps and Career Access.

Termination of the GIT program would eliminate assistance to those who, based on the program criteria, have been identified as experiencing severe difficulties in competing for available jobs.

OPTIONS - General Industrial Training

The Study Team recommends to the Task Force that the government consider consolidating the remaining component of GIT with the Job Corps and Career Access programs as part of one program which would be targeted at disadvantaged groups and where the training activities would relate to the greatest extent possible to anticipated occupational and skill shortages. An advantage of this option is that it would eliminate the considerable overlap between the clientele served by this program and those served by Job

Corps and Career Access. It would also provide greater flexibility to shift funding between training and job creation initiatives targeted at the specially disadvantaged. To the extent that this program would involve training, the provinces could raise concerns that this training should be covered under the training agreements.

Distribution of Program Funds by Region
As A Per Cent Of Canadian Total Versus Regional
Share of Total Labour Force and Unemployment
Rates by Region

Program - General Industrial Training

	Atlantic	**Quebec**	**Ontario**	**Prairies**	**British Columbia**
% of Program Funds Approved to Date	13.9	19.9	30.0	25.1	11.1
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

ASSESSMENT - Critical Trade Skills Training

No evaluation has been completed on the CTST program. However, it should be noted that a number of technical skills in demand in the seventies remain in high demand today, suggesting that the program has had only little effect on easing occupational demand for skills considered to be of critical importance. Canada has traditionally depended heavily on immigration to meet the higher-level skills demand for the labour market. In the past, this has reduced the incentive for employers to train, a situation that could recur, unless the recruitment of offshore workers to meet identified skill shortages is maintained at a minimum.

Program expenditures per worker under CTST can run up to two years due to the length of time required to develop the skills in question and consequently can involve a substantial expenditure on a per capita basis. The expenditure of public funds is worthwhile only when the training addresses real occupational shortages.

The number of occupations designated as critical has fluctuated considerably over the years. Prior to the National Training Act, the designation of occupations was confined primarily to apprenticeable type trades. With the introduction of the National Training Act this designation was expanded and as a result, the number of occupations designated increased substantially in 1982 (approx. 80). The recent economic decline has resulted in a reduction in the number of designated occupations to approximately 60. Of the occupations currently designated as qualifying for support, the Study Team questions the extent to which shortages in many of these occupations do, in fact, exist.

A major problem is the apparent lack of an adequate information system and data which would provide a basis for identifying critical trade skills shortages for current needs and the foreseeable future. In the consultation process, representatives from business and labour expressed doubts that the Canadian Occupational Projection System (COPS) of CEIC will fill this gap.

There may not be extensive negative effects on the private sector if the program were eliminated. However, in a certain number of cases involving key shortages, a company's incentive to train would be reduced if financial assistance were completely withdrawn.

OPTIONS - Critical Trade Skills Training

The Study Team recommends to the Task Force that the government consider reduced funding for this program.

Under this option, the authorized funding levels for CTST would be limited to not more than $50 million in 1985/86. In this regard, the Study Team notes that the base funding levels for critical skills training were established in 1982 and that they assumed a severe shortage of certain designated critical skills within the context of projected levels of economic activity that have proven to be over-optimistic. The Study Team also notes the department's history of lapsing CTST funding ($28 million in 1983/84).

As part of this alternative, improvements could be made in the procedures for designating critical skills. Such improvements could include increased involvement at the local level including participation by industry and labour, a return to designations primarily associated with apprenticeable skills and an increased emphasis on upgrading. Improvements could also be made by better targeting the assistance to critical skills identified by small business.

Distribution of Program Funds by Region As a Per Cent of Canadian Total Versus Regional Share of Total labour Force and Unemployment Rates by Region

Program - Critical Trade Skills Training

	Atlantic	**Quebec**	**Ontario**	**Prairies**	**British Columbia**
% of Program Funds Approved to Date	5.6	22.2	39.1	19.1	14.2
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

SKILLS GROWTH FUND

OBJECTIVE

To stimulate increases in capacity and the modernization of equipment for institutional skill training in designated national occupations, and for adults with special training needs, in any occupation in demand.

AUTHORITY

The National Training Act, 1982 - section 9.

DESCRIPTION

This program was introduced by the Canada Employment and Immigration Commission (CEIC) in the fall of 1982. The fund pays for:

capital expenditures for buildings, equipment, and machinery up to $40,000 per training place;

initial operating costs for new courses at a rate of 75 per cent of net operating expenditures;

course development costs at a rate of 50 per cent of expenditures over $50,000 (80 per cent in the case of non-profit organizations set up to provide training for persons with special training needs);

in the case of non-profit organizations which need such assistance, profit proposal development assistance up to $50,000 per project;

projects must develop training capacity in nationally designated (i.e. shortage) occupations or for target groups. The program is designed to respond to a perceived lack of training facilities geared to new and emerging technology and to shift institutional training to focus more on key economic objectives;

all project proposals compete against one another. Eligible projects outstrip available funds 2:1 and all available funds have been committed. The Skills

Growth Fund is designed to assist in catching-up and maintaining in Canada's high skill training facilities.

BENEFICIARIES

Projects can be sponsored by a province, on behalf of a community college, or by non-profit organizations, representing industry, employers, unions or target groups, set up to provide training. Approximately 10 per cent of expenditures have been directed to non-profit organizations, half of which involve native groups. 27 per cent of total expenditures have been for new buildings, 67 per cent for new equipment, four per cent initial operating costs and two per cent for course development costs.

EXPENDITURES

	82/83	83/84	84/85	85/86
		($ millions)		
Budget	33.0	93.4	144.4	10.1
Expenditures	18.3	36.8	85.0	69.5 (est)

ASSESSMENT

CEIC has not undertaken an evaluation of the Skills Growth Fund. The program was intended to provide assistance for a limited time with authority for the funding scheduled to expire March 31, 1985.

The Study Team believes that to keep abreast of technological developments, the Canadian work force requires access to training on the most up-to-date equipment possible. Similarly to the extent that it produces increased or enhanced training facilities in shortage areas, the requirements of Canadian industry are being met - with positive longer run employment implications and benefits to the economy.

The Study Team questions however, the need for a separate program to provide funding for new capital and equipment. In this regard, we note that if the Skills Growth Fund were to be terminated, provinces would still be able to recover depreciation allowances under the Federal/Provincial Training Agreements which detail the costs which may be recovered through per diem course prices.

A further issue relates to the extent to which additional federal capital funding should be provided to community colleges, given the substantial federal transfers to the provinces ($4.2 billion 1984/85) for post-secondary education, which can be used by the provinces to maintain up-to-date facilities in the community colleges.

Elimination of the program would likely be met with resistance from the provinces as well as the small percentage of non-profit organizations utilizing the fund.

OPTIONS

The Study Team recommends to the Task Force that the government consider terminating the Skills Growth Fund.

Outstanding program commitments in 1985/86 would have to be honoured. Section 6 of the National Training Act would still provide for equipment purchases by non-profit organizations when related to courses addressing a critical skills shortage.

Distribution of Program Funds by Region As a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Skills Growth Fund

	Atlantic	Quebec	Ontario	Prairies	British Columbia
% of Program Funds Approved to Date	14.0	23.9	28.4	20.8	12.9
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

YOUTH TRAINING OPTION

OBJECTIVE

To provide Canadian youth between the ages of 17 and 21 with an opportunity to acquire the labour market induction training and work experience which will make them more attractive to potential employers and at the same time, give them specific skills which will enhance their ability to compete for particular jobs.

AUTHORITY

Cabinet Decision - October 1984.

DESCRIPTION

The Youth Training Option (YTO) is a pilot program introduced in December 1984 for helping Canadian youth who have not graduated from a post-secondary institution. It combines theoretical (maximum 13 weeks) and on-the-job training to provide essential job skills and competences. Training programs last between nine and 12 months and participants receive either an allowance or, if they are eligible, unemployment insurance benefits, whichever is higher. They may also be eligible for supplementary allowances for travel etc. Program delivery is decentralized to private sector managing coordinators.

BENEFICIARIES

Unemployed youth in the 17-21 age category out of school at least three months and up to 24 months and who have not worked full-time for 26 consecutive weeks during the previous 52 weeks. Target participation rates have been established for women (45 per cent), natives (4 per cent) and the disabled (.3 per cent).

EXPENDITURES

	84/85	85/86
	($ millions)	
Program Expenditures	9.7	15.3
UI Funds	0.7	1.3
TOTAL	10.4	16.6
Person-Years	47	44

ASSESSMENT

Given the high incidence of youth unemployment the Study Team acknowledges the need for some measures to assist members of the youth group. However, a number of issues appear to be related to the validity of the YTO approach. It clearly is compensating in part for weaknesses in provincial school systems and it can be questioned as to whether these provincial systems will adapt to the extent needed so long as other measures are there.

YTO is one of several federal youth employment programs. Federal programs within CEIC which are directed at unemployed youth include Career Access, Job Corps, Summer Canada and Institutional Training (approximately 45 per cent of trainees are youth). In addition, other federal programs directed at youth but delivered through other federal departments include DND's Youth Training and Employment Program and Katimavik which is funded by Secretary of State.

In the case of some provinces, there is an important issue of federal/provincial overlap relating to this program. Quebec, Ontario, Manitoba, Saskatchewan and Alberta each have a number of programs targeted towards unemployed youth.

The program is new and therefore CEIC has not undertaken an assessment of program performance.

Termination of the program would not have a major direct impact on beneficiaries because the program is new and only a small number of youth are involved. However, we note that the experimental design of the program contains a number of innovative features including direct linkage of on-the-job and theoretical training and a decentralized program delivery approach involving the private sector. These features would be lost if the program were terminated before completion of the experiment.

OPTIONS

The Study Team recommends to the Task Force that the government consider maintaining this program for the balance of the experimental period. Beneficial features of the program could be incorporated into other programs.

Distribution of Program Funds by Region as a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Youth Training Option

	Atlantic	Quebec	Ontario	Prairies	British Columbia
% of Program Funds Approved to Date	20.8	12.2	20.3	18.5	28.2
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

YOUTH TRAINING AND EMPLOYMENT PROGRAM

OBJECTIVE

To provide meaningful and challenging training and employment for program participants which may lead to full-time employment in the Canadian Armed Forces; to provide participants with job skills which will be of benefit to them on return to the civilian work-force; and, to contribute to an increased level of readiness and sustainability within the Canadian Armed Forces.

AUTHORITY

Federal Budget of 19 April 1983 and Cabinet decision, 3 May 1984.

DESCRIPTION

The program was introduced by the Department of National Defence (DND) in 1983 with a funding provision of $75 million to cover two fiscal years, 1983/84 and 1984/85. Under the Youth Training and Employment Program (YTEP), approximately 5,800 youths were enrolled in the Supplementary Reserve for three years and were called out within this time frame for a period of up to one year for training and related employment experience with the Regular Forces. The full-time training and employment period consists of a period of basic military training (10 weeks); a period of trades training in one of 45 trades (ranging from five to 30 weeks); and, a period of employment in their assigned trade (averaging about six months) with Regular Force units. Provision also exists for graduates who so volunteer to sign up with the Regular Forces for a period of three years after they have completed their period on YTEP during which they will continue training and advancement in their chosen trade. This is facilitated by the fact that all YTEP enrollees are trained to Regular Force standards.

A further $8.5 million was approved to train another 1,140 youth in 1984/85. However, there are major differences between the earlier (referred to as YTEP I) and the added program (referred to as YTEP II): enrollees were enrolled in the Supplementary Reserve for two years; they received only basic military and trades training with no period of on-the-job experience in their trade; they served full-time for only six months; and, the number of trades in which they were trained was reduced by about half.

BENEFICIARIES

Approximately 5,800 youths aged 17 to 25 were enrolled under YTEP I and about 1,200 under YTEP II. Of these, about 4,500 and 1,000, respectively, are expected to complete YTEP with about 3,300 and 600, respectively, forecast to transfer, after completing their training, to the Regular Forces for a three-year period.

Enrolment is targeted regionally (Atlantic Region 18 per cent, Quebec 27 per cent, Ontario 31 per cent and Western Region 24 per cent), by sex (Males 82 per cent and Females 18 per cent - which compares with Regular Forces distribution of 92 per cent and 8 per cent, respectively) and linguistically (Anglophone 73 per cent and Francophone 27 per cent - which is the Regular Force standard).

EXPENDITURES

DND did not require any permanent incremental person-years to run this program. However, 300 casual support staff (e.g. cooks) were hired as part of YTEP to provide necessary services for the influx of trainees.

The direct expenses to operate the program were $75 million over 1983/84 and 1984/85 for YTEP I and an additional $8.5 million in 1984/85 for YTEP II. About two-thirds of this money was in pay while the remainder was for related expenses such as uniforms, training stores, etc.

ASSESSMENT

In view of prevailing youth employment conditions and the need to enhance and increase the vocational preparation of young job seekers, a strong case can be made in favour of the program approach. Moreover, given the military dimension of YTEP there would appear to be no duplication with other federal training and job creation measures.

Program objectives have been met in terms of training a specified number of youth and in terms of offering subsequent employment to a number of graduates in the Regular Forces. However, virtually no information is available on what happened to those who graduated and did not join the Regular Forces. (A survey is currently underway, but only a few responses have been received to date.) The program seems to be efficiently run, requiring a minimum of resources to operate it. The program is well-received and there is favourable public reaction about the program's graduates.

However, there is concern about the incrementality of the training portion of the program. At present, without YTEP, the Forces would normally recruit some 5,000 persons per annum and provide them with the same training as is provided under YTEP in order to make up for attrition. With YTEP the Forces will recruit some 3,900 of its 5,400 graduates, thereby reducing their normal recruitment to only 1,100 in the following year, if the program is continued. The roughly 1,500 graduates who returned to civilian life will represent incremental training to the extent that they use their YTEP training and experience when they return.

To the extent that the program displaces DND training which would otherwise have occurred at a later date, the program essentially becomes an incremental job creation program with associated attendant benefits. In this regard, it should be noted that DND is the principal beneficiary of the job creation program, enabling it to effectively increase its authorized strength by the targeted number of YTEP graduates. The Department also gains by adding an extra year to the recruit's term (YTEP plus three years compared to the usual three-year term) and by transferring the high attrition costs associated with recruitment to YTEP.

Terminating the program would result in the loss of some 5,000 jobs, some adverse public reaction and the loss of the incremental training of those youth who return to the private sector.

OPTIONS

The program is scheduled to terminate on 31 March 1985. Notwithstanding the apparent modest amount of incremental training provided, in the Study Team's view the program has merit as a job creation program. In addition, this is a popular program with both the public and the program's participants. For these reasons, the Study Team recommends to the Task Force that the government consider continuing the program after 31 March 1985. However, in light of the program effectively increasing the authorized strength of the military, and since the prime beneficiary of the program is DND, the Study Team suggests that the program should be funded incrementally out of the Defence Envelope.

HIGHLY QUALIFIED LABOUR

OBJECTIVE

To administer research grants and scholarships aimed at increasing the supply of highly qualified labour, particularly research labour.

AUTHORITY

Medical Research Council Act; Parts I and III of the Government Organization (Scientific Activities) Act, 1976.

DESCRIPTION

There are three federal government organizations which provide research grants aimed at increasing the supply of highly qualified labour: the Medical Research Council (MRC), the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC) - commonly referred to as the "granting councils". Their basic mandate is to promote and assist research in their respective areas. In general, they do this, by providing research grants and by providing post-graduate scholarships. Some of the research grants, however, are aimed specifically at increasing the supply of highly qualified researchers.

BENEFICIARIES

In 1984 the granting councils provided some 17,600 grants and scholarships in support of their objectives, of which some 6,400 were specifically aimed at developing highly qualified researchers (MRC - 900, NSERC - 4,200 and SSHRC - 1,300). Although the grants and scholarships are awarded mainly to Canadian students and researchers at the doctoral and post-doctoral level in the universities, some researchers in private industry are also awarded grants.

EXPENDITURES

	83/84 ($ million)	84/85 ($ million)
Overall		
MRC	140.8	157.0
NSERC	261.1	280.4
SSHRC	60.0	56.7
TOTAL	461.9	494.1
Highly Qualified Labour		
MRC	23.1	28.3
NSERC	47.5	52.1
SSHRC	14.2	14.9
TOTAL	84.8	95.3

In total, 278 person-years were required by the granting councils in 1984/85 to administer their initiatives (MRC - 54, NSERC - 120 and SSHRC - 104), entailing some $18.2 millon in administration costs (MRC - $3.8 million, NSERC - $8.8 million and SSHRC - $5.6 million).

OBSERVATIONS

An internal evaluation of NRSERC's Highly Qualified Manpower Program found that:

- NSERC grants are a major factor in increasing enrolments in science and engineering;
- 15 per cent of graduate students in the sciences and engineering receive NSERC grants;
- 85 per cent of graduates supported by NSERC hold positions involved in R&D eight years after graduation; 82 per cent of these positions are in Canada;
- more than 95 per cent of departmental chairmen and university administrators thought that NSERC scholarships had been awarded to excellent students;
- 98 per cent of R&D supervisors at companies surveyed thought that researchers who had studied under the program were making good contributions to the R&D efforts of the company.

The evaluation did not attempt to determine what the effect on the quality and quantity of researchers would be without NSERC assistance.

An internal, but not so comprehensive, evaluation of SSHRC's doctoral fellowships (part of its Human Resource Development Program) found that:

> approximately 75 per cent of those who received doctoral fellowships completed their PhD's, compared to 50 per cent for all doctoral candidates in the social sciences and humanities;
>
> almost 94 per cent of those who received doctoral fellowships were employed at the time of survey, although fewer were employed in the universities than shown by a previous survey and somewhat more in government and the private sector.

It, too, did not attempt to determine what the effect on the quality and quantity of researchers would be with SSHRC assistance.

ASSESSMENT

While the granting councils may have had some impact on achieving their objective of increasing the supply of qualified researchers, apparently, no one has developed a measure of the effect of grants to researchers on the supply of researchers. Little can be determined about the optimal level of grants until such a measure is developed.

The federal government provides major support for post-secondary education through equalization payments and other grants. Since these grants are not formally tied to use in specific areas and cannot be controlled by the federal government after being disbursed to the provinces, some provinces have channeled these funds into other uses. Specifically, funds intended to modernize university infrastructure and equipment have been directed to other uses, prompting universities to appeal to the granting councils and others to fund capital used for teaching by claiming that the capital was needed for research projects. Moreover, provinces have resisted federal attempts to tie funds designated for post-secondary education to that objective. Thus, an optimal level of granting council funding will always be difficult to determine until this issue is resolved.

The councils have developed, at different points in time, from different parent organizations. MRC was established in 1969, having formerly been under the aegis of the National Research Council. Both NSERC and SSHRC were established in 1976, the former having been part of the Ministry of State for Science and Technology, while the latter was part of the Canada Council. Because of their disparate beginnings and because of the increasingly multi-disciplinary nature of research these days, it has been suggested that there is some overlap in their functions and grants. While the councils coordinate their grants to ensure that duplication is kept to a minimum, there is no indication of how effective they have been in this regard.

Possibly, a case for consolidating the three granting councils could be made in relation to facilitating more coordinated funding decisions for their activities. In terms of the populations served (i.e., faculty, PhD and Masters students), it can be demonstrated that there is some disparity in the 1984/85 budgets of the three councils. For the example, MRC has a budget of some $118,000 per PhD student, NSERC has about $90,000 and SSHRC has a little less than $11,000. While there may be some legitimate reasons for these differences, in terms of the nature of the research funded, it is not clear that this would account for all of the disparity.

OPTIONS

The Study Team recognizes that assessment of the merits of consolidating the three granting councils raises issues that are much broader in scope than those related to the impact of such consolidation on their respective training programs. Furthermore, in our view, it would be necessary to take into account the views of the three clienteles served by the councils in assessing the merits of consolidation. However, in light of the points noted above, the Study Team recommends to the Task Force that the government consider a further review of the option of consolidating the three granting councils.

CANADA WORKS

OBJECTIVE

To create incremental productive term employment for unemployed persons.

AUTHORITY

Appropriation Act and the Unemployment Insurance Act, Section 38.

DESCRIPTION

Canada Works is designed primarily as a short-term contra-cyclical program for the unemployed administered by Employment and Immigration Canada (EIC). It was introduced in 1983 and involves the consolidation of a number of earlier programs with similar objectives. It has operated under a variety of names but with basically the same concept since the 1970's.

The program underwrites the cost of direct job creation projects which provide temporary employment and which are intended to support local priorities and contribute to regional and/or federal objectives for economic recovery and employment growth. Program resources are provided through the Consolidated Revenue Fund (CRF) and the Unemployment Insurance Account with levels determined on a year-to-date basis. CRF sourced resources are allocated among federal constituencies based on the seriousness of local unemployment conditions (as measured by the extent to which the local labour surplus rate exceeds six per cent). U.I. sponsored activities are allocated more generally among regions on the basis of U.I. claimant trends.

BENEFICIARIES

Program clientele involves unemployed persons eligible to work in Canada. Preference is given to those who have been unemployed eight weeks or more and who are not, in the opinion of the employment counsellor, likely to obtain alternative employment during the duration of the project. Within this group referrals are made on the basis of the following priorities:

- U.I. exhaustees and welfare recipients;
- laid-off workers in receipt of Unemployment Insurance.

In addition, separate measures have been targeted under the aegis of this program on students searching for summer employment. The most recently announced initiative in this respect is the Summer Employment and Experience Development Program.

Overall, with respect to total program activities some 233,000 worker clients participate annually. The regional distribution of activities tends to be focused more on those areas with higher unemployment - the Atlantic Provinces, Quebec, and British Columbia.

EXPENDITURES

	83/84 ($ millions)	84/85 ($ millions)
Consolidated Revenue Fund	667.0	503.5
UI Account	187.0	
Person-Years	1,355	1,203

OBSERVATIONS

Internal EIC evaluations indicate that the general program approach has been basically successful in generating temporary incremental employment in the economy targeted on the unemployed. However, there have been persistent concerns that many of the projects in the public sector are of a "make-work" nature with a productive output of very limited value and not generating subsequent permanent employment - while in the private sector the extent to which the employment generated was truly incremental has been identified as an issue. These concerns were frequently reiterated in the private sector consultations undertaken as part of the present review.

Moreover, the current prolonged cyclical slack in the economy and the growing incidence of longer duration unemployment raises questions as to the continuing appropriateness of short-term responses which are often seen as "band-aids" or "quick-fixes" addressing the symptoms rather than the cause. For example, while in 1980 only 15 per cent of the unemployed were out of work for six months or more, this figure has doubled under prevailing conditions.

Concerns also were expressed during the private sector consultations regarding the use of Unemployment Insurance funds for job creation initiatives. While UI/Job Creation projects do not establish a further UI eligibility for workers after project employment has terminated, they can result in an increased drain on the UI Account during the duration of the job creation projects themselves. This is viewed as an application of the UI program which is far removed from its basic principles and one which ultimately adds to the burden of premiums paid.

In terms of program delivery, the short-term funding provisions under the program create planning and administration problems and appear to necessitate a large number of person-years. In addition temporary direct job creation measures are an area of substantial overlap between federal and provincial governments. Available evidence on the array of provincial programs identified a total of some 50 measures targeted on a variety of clienteles (e.g. summer students, disadvantaged groups, welfare recipients) - many of which overlap with the coverage of federal measures. However, these parallel activities often are not coordinated and cause extensive program proliferation and confusion.

ASSESSMENT

The Study Team believes that direct job creation programs are not the best long-term solution to prevailing high unemployment conditions, particularly in light of the greatly increased incidence of longer-term unemployment. In our view, such job creation measures are essentially a short term response to the symptom but do not address the underlying cause.

However, until such time as a long term solution is developed there is intense pressure to implement direct job creation programs to alleviate the hardship to laid off workers who in many cases would have to resort to welfare when their UI entitlement ran out, and to support local hard hit communities. If the program were eliminated the hardship in these cases would be intensified. Consequently, on balance, we believe there is a role for direct job creation programs until the overall performance of the economy in generating permanent new jobs improves substantially.

However, in our view any new direct job creation program should be designed to correct insofar as possible the major deficiencies of the present Canada Works program. In this regard, we believe that the following points should be taken into account:

a. The program should be redesigned to recognize the serious problem of longer duration unemployment in the economy and should focus exclusively on the long-term unemployed.

b. Much greater effort should be made in generating a productive output that is of intrinsic economic value. We believe this requires a much greater emphasis on job creation in the private sector with the greatest leverage possible from private sector funding.

c. Concerns have been expressed in the past over the extent to which firms have truly created additional jobs and output from assistance received. In our view, any new direct job creation program should be strategically targeted on those sectors of the economy with the greatest potential for new job creation. In this regard we believe that priority should be given to job creation in the small business and service sectors.

d. While giving more priority to the private sector, we believe there should be some role for public sector projects to play under direct job creation. To minimize concerns about the economic value of public sector activities, this approach should, however, be much better planned and targeted with longer lead times to achieve the maximum value of output possible. In our view, public sector activities could be better targeted on areas of high national priority.

e. In our view, direct job creation measures should be implemented through a process which involves a much closer integration of federal and provincial programs than in the past - to reduce program overlap and provide added leverage from federal expenditure. Possibly such integration could be facilitated through new federal/provincial agreements combining both job creation and training. Furthermore, we believe there should be strong input from the private sector on the determination of job creation projects, as well as the appropriate program mix and program targeting.

f. In our view, it is desirable that the type of agreements described above should have the flexibility to reallocate funds between training and job creation to address the problems of the longer term unemployed, including possible redeployment of institutional training resources to fund industry-based training and direct job creation.

g. We believe that consistent with moves towards a better planned and more integrated approach, any new job creation and training program for the longer term unemployed should establish a longer term funding basis to prevent the problems of poor quality projects as a result of the present stop/go approach. A commitment to longer-term funding (perhaps three years) might also facilitate cooperation with the provinces.

h. In addition, accompanying a longer-term funding and planning process we believe there should be a review undertaken to identify possible savings from cutting person-years as a result of the reduced need to mount a large number of projects at short notice as has occurred under the stop-go approach.

OPTIONS

The Study Team recommends to the Task Force that the government consider, as an alternative to Canada Works, implementation of an improved job creation and training program targeted at the longer-term unemployed. A possible disadvantage of this alternative is that it could be met with resistance from provinces, particularly in relation to point (f) above. On the other hand, the incorporation of job creation into the federal/provincial agreements, and the commitment to longer-term funding could be welcomed by the provinces. Another point to note is that the disbursement of funding under this alternative would no longer be based on constituency allocations.

Distribution of Program Funds by Region as a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Canada Works

	Atlantic	Quebec	Ontario	Prairies	British Columbia
% of 1984/85 Program Funds	20.2	32.2	20.2	19.7	15.6
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

WORK SHARING PROGRAM

OBJECTIVE

To avert layoffs arising from a temporary work shortage.

To cushion the impact of an anticipated permanent or indefinite layoff and to facilitate human resource planning adjustments by using, for example, training, mobility and placement initiatives.

AUTHORITY

Unemployment Insurance Act, section 37.

DESCRIPTION

The Canada Employment and Immigration Commission's (CEIC's) Work Sharing Program (WSP) allows employers faced with a temporary downturn to, if their employees agree, spread the available work over a reduced work week in order to avert a layoff. Employee participants are partially compensated for the reduction in their wages through the payment of UI benefits. The hours of work may be reduced by between 20 and 60 per cent.

To obtain a work sharing agreement, a firm and its employees submit an application to CEIC which, after determining whether the eligibility criteria have been met, either accepts or rejects the application. Essentially, the submitting firm must have been in business for two years, must document evidence showing that the need for reduced output is unavoidable and must show that the layoff is not seasonal. If accepted, CEIC pays participating eligible employees UI benefits equal to their reduction in total hours worked times the applicable UI benefit rate. In 1985 this would amount to $55.20 per day (based on the maximum 1985 weekly benefit rate of $276.) The agreement itself is for a period ranging from a minimum of six to a maximum of 26 weeks with CEIC able to extend duration by a further 12 weeks if necessary.

Employees covered by work sharing agreements are entitled to receive full UI benefits in the event of their being laid off following agreement termination, i.e., there is no reduction in a claimant's benefit entitlement as a result of being on work sharing. However, they do serve the mandatory two-week waiting period, which is not served while on work sharing. Work sharing claims are processed through the regular UI pay system.

BENEFICIARIES

The program enables participating firms to retain their work forces during periods of temporary slack, and, in some instances, to retrain their employees in occupations relating to meet new requirements of the firm. The firm also benefits from not having to hire and train new workers when production returns to normal levels. Employees benefit from skill retention, job permanence and more equitable income maintenance. Between 1982, when the program was introduced, and 1984, a total of 20,159 employer agreements were signed involving 352,227 employees in work sharing units to prevent estimated layoffs of 144,051 of them. This is estimated to have cost some $217 million in UI payments. (It should be noted that this considerably overstates the cost of the program for, in its absence, it is estimated that some $155 to $170 million would have been paid out in UI benefits to the laid off workers. Hence, the real cost of the program is closer to between $47 and $62 million over the three-year period, representing between 27 and 41 per cent more than the layoff alternative.) Almost two-thirds of the participating employees were in manufacturing, with most of the remainder located in trade and community, business and personal service.

Over the three-year period of the program's existence, use of the program has been falling in line with the improvement in general economic conditions, reaching its 1984 level of activity of some 4,000 agreements involving about 56,000 work sharers to avert estimated layoffs of about 22,000 of them. The regional distribution of these data are shown in Table 1. In 1983, almost 90 per cent of the employers that used work sharing employed 100 employees or less, with fully 65 per cent employing 20 or less.

EXPENDITURES

	83/84 ($ million)	84/85 ($ million)	85/86 ($ million)
Total Salaries and O&M*	2.6	2.7	2.5
Section 37 - UI Funds	83.1	32.4	35.0**
Person-Years	81	73	64

* Does not include the cost of about 200 person-years associated with processing work sharing claims through the UI pay system.

** Estimated actual expenditures, ceiling is $45 million.

ASSESSMENT

In its consultations with the private sector the Study Team generally found WSP to be well-received and to serve a worthwhile purpose in terms of spreading the burden of unemployment. However, concerns were expressed about the paper burden on employers associated with processing work sharing claims (which could be reduced by having employers pay the work sharing benefits and then reimburse them) and with the use of UI funds to pay for the program.

An internal CEIC evaluation of WSP found that the program was largely successful in achieving its objective of preventing temporary layoffs and in achieving desired impacts and effects. However, as noted above, in terms of UI payout, it estimated that the program cost between 27 and 41 per cent more than the layoff alternative. Contributing to this incremental cost was the proportion of anticipated layoffs that the program funds that are permanent in nature (i.e., which the program could not prevent). The evaluation estimated this proportion to be between 25 and 50 per cent. This represents a high cost to the program and it has been suggested that more efficient screening of applications and employers using the program could result in a significant reduction in this proportion. In addition, reducing the amount of UI benefit paid to a person laid off after work sharing by the amount of benefit received while on work sharing could also help to reduce this aspect of the program's costs. Another factor underlying the higher cost of work sharing is that work sharers do not serve the two-week waiting period associated with regular UI (unless the person is laid off following work sharing). This deferral could be removed in the interests of making the program more cost effective. CEIC has reviewed the proposal to "draw down" on subsequent UI benefits for those laid off following work sharing and the proposal to serve the two-week waiting period while on work sharing and has concluded that implementing either of them would discourage program use. The Study Team is of the opinion that these proposals should be revisited in light of the fact that a similar work sharing program which operates in California incorporates both of these features.

We believe that another weakness in the program concerns its undesirable impact on employee fringe benefits, particularly pensions. Due to the provisions of some pension schemes it is possible that an employee could adversely affect his/her pension as a result of being on work sharing. Although this was revealed in the preliminary evaluation in early 1983, to date no action has been started to change this.

The program is not available to firms that have been in business for less than two years. In our view, this limitation should be reviewed. In this regard we note that this provision impacts most severely on firms during their formative stages, most of which are likely to be small.

OPTIONS

The Study Team recommends to the Task Force that the government consider a further review of the program to identify possible means to reduce paper burden, re-examine the present two-year requirement for business to participate in the program and remove the adverse impact on employee fringe benefits. Furthermore, the review could also examine means of reducing the incremental UI costs, consistent with maintaining the program. In the Study Team's view the purpose of the program review should be to improve the program. In this regard, we recognize the value of work sharing as a means of easing the burden of unemployment.

Table 1
1984 Regional Distribution of Work Sharing Participants and Expenditures
(per cent)

Region	Employer Agreements*	Employee Participants	Estimated Layoffs Averted	Expenditures
Atlantic	9.7	7.2	9.2	8.9
Québec	14.8	17.8	15.8	21.4
Ontario	19.7	35.0	31.7	29.6
Prairie	29.1	22.2	24.2	21.5
British Columbia	26.3	17.8	19.1	18.6

* An employer may have more than one agreement, e.g., to deal with two different unions.

SPECIAL EMPLOYMENT INITIATIVES

OBJECTIVE

To provide funding for projects which generate employment and which do not qualify for assistance under other programs.

AUTHORITY

Appropriation Act.

DESCRIPTION

The Special Employment Initiatives (SEI) fund was established under the previous government to fund projects which had difficulty qualifying under other more structured programs. Largely construction oriented, the chief products of the program were community centres, cultural centres, etc. Approximately 35 per cent of the money was spent by federal departments on projects within their mandates (e.g. airport renovation).

Members of Parliament could recommend funding of projects to their regional Minister, who would recommend approval to the Minister of Employment and Immigration. Private sector projects were funded through an "Employment Creation Grants and Contributions" mechanism. Actual administration of the program, once ministerial decisions were made, was by the Employment Development Branch offices of Employment and Immigration Canada (EIC).

BENEFICIARIES

Communities in which projects were approved.

EXPENDITURES

The 1982 and 1983 budgets each contained $150 million for the Special Employment Initiatives fund. No new funds will be made available for this fund according to statements made by the new Minister of Employment and Immigration. Cabinet recently authorized the completion of SEI projects carrying over into the 1985/86 fiscal year.

ASSESSMENT

This program has been terminated.

CAREER ACCESS

OBJECTIVE

To stimulate the provision of employment opportunities for persons whose participation in the labour market may be facilitated or enhanced by measures such as wage subsidies and developmental uses of Unemployment Insurance Funds.

AUTHORITY

Appropriation Act and the Unemployment Insurance Act, Section 38.

DESCRIPTION

Career Access is comprised of two distinct components:

Wage Subsidy Component: Basically involves providing financial assistance up to 50 per cent of gross wages to a maximum of $15,000 per annum available to employers in all sectors for the placement of individuals who face severe employment barriers. (The program also has the capacity to provide a contribution to community groups assisting in program delivery and to employers for job related equipment and facilities needed to employ certain groups).

Voluntary Initiatives Component: Providing UI beneficiaries with enhanced benefits in return for work in voluntary organizations (when no alternative job opportunities are available in the regular labour market).

Under Career Access wage subsidies, worker clients are identified as eligible for participation by employment counsellors in local Canada Employment Centres administered by Employment and Immigration Canada (EIC) - following an assessment of their unemployment experience and the application (when relevant) of established program criteria determining eligibility of seriously employment-disadvantaged persons. The rationale for the wage subsidy relates to its use in enhancing the competitiveness of these workers to have access to the available jobs in the economy. This has implications for displacing other workers since the employment is not required to be incremental.

The Voluntary Initiatives Program is an experimental initiative at present accounting for less than five per cent of total Career Access activities. Under it, Canada Employment Centres identify candidates from among UI recipients who wish to undertake worthwhile activities with voluntary agencies while on claim. Final selection is made by the voluntary organizations concerned. Proposals must not displace existing volunteers, or regular employees.

BENEFICIARIES

Long duration unemployed persons, with a strong focus on youth; employment-disadvantaged persons; UI recipients for placements in voluntary organizations. In 1983/84 a total of some 40,000 clients were placed in employment under the program. Regionally, program activities have favoured the Atlantic provinces reflecting the higher unemployment there. Elsewhere program funds have tended to reflect the labour force distribution.

EXPENDITURES

	83/84 ($ Million)	**84/85** ($ Million)
TOTAL	73.5	184.1
Person-Years	181.0	333.0

ASSESSMENT

A strong case can be made for this type of program insofar as it aims at providing a more equitable sharing of available job opportunities vs. the distribution of unemployment. The issue of accessibility to employment opportunities is particularly important in a protracted period of high unemployment.

Based on internal evaluations undertaken by EIC on the impact of the wage subsidy approach under federal programs for significantly disadvantaged groups, the evidence indicates that such subsidies do have a positive effect. Approximately 80 per cent of employers surveyed after hiring such workers indicated that they would not have done so without the subsidy.

However, there is other evidence from earlier experience on the delivery of wage subsidy assistance to older workers displaced by industrial cutbacks, that the program delivery approach requires considerable care and should be reviewed. In this instance, the EIC evaluation referred to the point that the program was not well understood by the employer clientele nor well promoted by the local Canada Employment Centre offices.

A comparison with the activities of other EIC programs such as Job Corps, and General Industrial Training for the disadvantaged points to a considerable general overlap in clientele and program duplication.

In addition, there appears to be an overlap of program clientele between Career Access and social welfare programs and services administered by provincial governments.

Finally, concerns have been indicated regarding the utilization of Unemployment Insurance funds for job creation activities on the grounds that any increased costs associated with UI adds directly to the burden of the private sector.

Elimination of this program would reduce employment opportunities for individuals who face severe employment barriers. As noted above, some 44,000 clients were assisted under this program in 1983/84 with a strong focus on youth.

OPTIONS

The Study Team recommends to the Task Force that the government consider consolidating the Career Access Program with other federal programs focused on the disadvantaged. Such a consolidated program for disadvantaged groups would include the most current versions of Job Corps, Career Access, and the disadvantaged component of General Industrial Training. The implementation of such an option would streamline the existing system substantially and reduce program overlap and duplication. It would also maintain the distinction between job creation for incremental employment of the Canada Works type, and job creation assistance for social equity to enable such workers to be more competitive for any available jobs.

Distribution of Program Funds by Region As a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Career Access

	Atlantic	Quebec	Ontario	Prairies	British Columbia
% of 1984/85 Program Funds	11.9	27.8	34.7	13.8	11.9
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

JOB CORPS

OBJECTIVES

To provide severely employment-disadvantaged individuals with the necessary preparation and employment related skills leading to labour market readiness.

AUTHORITY

Appropriation Act.

DESCRIPTION

Community resources, businesses and government services are brought together in support of projects financed by Employment and Immigration Canada (EIC) to develop life skills, employment disciplines and work-oriented behaviour. Groups, agencies or associations are eligible for assistance in the delivery of the program and to provide appropriate preparation, training and placement services for participants. Projects are proposed for EIC to review and may run for as long as three years with a provision to extend for a further 12 months. The upper EIC funding limit on a project is $350,000. Clientele referral to the program is on a continuous intake basis with individual participation mainly falling in the 3-6 months range. Depending on the nature of the activities involved participants may receive an allowance or a wage.

Efforts are made to solicit the support of provincial governments in Job Corps activity on a cost-sharing basis or for continued funding of projects pioneered by federal initiatives that have demonstrated viability and that overlap with provincial government jurisdiction and priorities. A central feature of projects revolves around the establishment of referral and support linkages with appropriate community and federal government agencies.

BENEFICIARIES

The current emphasis is on youth and natives. Disadvantaged women, disabled persons, functional illiterates, former inmates and drug/alcohol abusers are also among the program's clientele. Some 2,800 workers were assisted under the program in 1983/84 with program funds particularly strongly targeted on the Atlantic and Prairie provinces relative to their share of labour force. In 1984/85, program clientele amounted to some 6500.

EXPENDITURES

	83/84	**84/85** ($ Million)
TOTAL	28.5	40.2
Person-Years	9.0	68.0

ASSESSMENT

Job Corps is a program whose underlying rationale is based on social and humanitarian grounds.

A recent evaluation by EIC of this type of program approach indicates some positive employment impact on the clientele concerned. The post program employment of workers increased by some 14 per cent over prior employment. The increase in employment was higher for Native Projects - 18 per cent. It is not an objective of this program that any employment created be incremental and it is likely that jobs filled by clientele could have been taken by other available workers.

A comparison with the activities of other EIC programs such as Career Access and General Industrial Training for the disadvantaged points to a considerable general overlap in clientele and program duplication.

In addition, there appears to be an overlap of program clientele between Job Corps and social welfare programs and services administered by provincial governments.

Elimination of this program would reduce, to some extent, the employment opportunities for individuals who face severe employment barriers. As noted, some 6,500 severely disadvantaged workers were assisted under the program in 1984/85.

OPTIONS

The Study Team recommends to the Task Force that the government consider consolidating the Job Corps Program with other federal programs focused on the disadvantaged. Such a consolidated program for disadvantaged groups would include the most current versions of Job Corps, Career Access, and the disadvantaged component of General Industrial Training. The implementation of such an option would streamline the existing system substantially and reduce program overlap and duplication. It would also maintain the distinction between job creation for incremental employment of the Canada Works type, and job creation assistance for social equity to enable such workers to be more competitive for any available jobs.

Distribution of Program Funds by Region As a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Job Corps

	Atlantic	Quebec	Ontario	Prairies	British Columbia
% of 1984/85 Program Funds	15.6	16.6	28.7	28.1	11.0
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

LOCAL EMPLOYMENT ASSISTANCE AND DEVELOPMENT

OBJECTIVE

To increase the number of permanent jobs in localities of high levels of long-term unemployment.

AUTHORITY

Appropriation Act and Treasury Board Minute 794486.

DESCRIPTION

The Local Employment Assistance and Development program is administered by Employment and Immigration Canada (EIC) and provides grants and contributions to increase the number of permanent private sector jobs in localities of chronically high unemployment. The focus of its rationale is upon problems of persistent regional disparities in unemployment and the nature of its response is to encourage the development of permanent jobs which are economically viable (i.e. private sector based). This community-based economic development program operates through four components:

Local Development Corporations: LEAD (Non-Profit) Corporations identify economic opportunities; provide technical assistance to entrepreneurs; and manage an employment development fund, which provides financing for loans to, or investments in, local businesses. Financial assistance to a company is limited to a maximum of $25,000 per year.

Enterprise Projects: Community-based organizations can receive contributions for the purpose of developing a commercially viable enterprise.

Infrastructure Projects: Designed to enhance the community's capacity to achieve local employment growth.

Planning Projects: To plan and organize for any of the above types of endeavours.

Awareness of the LEAD program among communities is promoted in a number of ways. Communities thought likely to have potential are contacted by the program. Presentations are made and program literature distributed to interest groups and municipalities. In addition EIC's local Canada Employment Centres and Employment Development Branch Offices refer interested groups to LEAD.

BENEFICIARIES

Organizations that are representative of community interests (must be incorporated as a non-profit corporation to qualify as a LEAD Corporation) in communities (normally less than 50,000 population) that have persistent unemployment problems, but have potential for increased employment and a demonstrated capacity for planning and economic development. Participants must be legally entitled to work in Canada. Based on the most recently available data, some 16,500 workers have been identified as having been employed through the program. LEAD activities are strongly focused on the Atlantic provinces and Quebec.

EXPENDITURES

	83/84	84/85	85/86
	($ millions)	($ millions)	($ millions)
TOTAL	38.3*	88.9	101.0
Person-Years	144.0	163.0	

* Does not include a $61.4 million element included in 1983/84 Canada Works, to be transferred to LEAD in 1984/85.

ASSESSMENT

In the Study Team's view, a case can be made for maintaining measures in response to regional disparities in employment opportunities in the economy, particularly utilizing a private sector based approach. However, we believe that to a large extent the EIC LEAD approach duplicates the activities in this area of the Department of Regional and Industrial Expansion (DRIE). Under the aegis of the federal/provincial Economic and Regional Development

Agreements (ERDAs), and through the Industrial and Regional Development Program - DRIE can provide and does provide assistance to both new and existing firms with respect to activities such as setting up business, modernization and expansion, with the level of assistance linked to local unemployment conditions.

It can be argued that groups setting up business in smaller communities may encounter difficulties in accessing DRIE assistance. However, the Study Team believes that insofar as accessibility is an issue, the problem is better examined in the context of DRIE's own programs and how to improve their responsiveness rather than by EIC coninuing to offer the LEAD program which substantially duplicates similar assistance available from DRIE. In this regard we note that questions were raised by private sector representations during our consultation process concerning the qualifications of EIC personnel to assess private sector small business projects.

Furthermore, we question the practice of the LEAD program providing money without some meaningful financial involvement on the part of applicants. No evaluation of the impact of this program has been undertaken thus far. However, generally available evidence on the experience to date in stimulating development in smaller communities indicates that it is a slow process and one that is high risk although there have been some useful projects.

A large percentage of LEAD funds in some areas has been directed to native projects. This also appears to be a direct overlap with the intent of the Native Economic Development Agreement Fund which has been established under the direction of DRIE ($110 million - 1985/86).

LEAD initiatives have been perceived by several provinces (Newfoundland, Quebec and Ontario) as a federal/provincial irritant, overlapping with provincial development measures. In addition, part of LEAD financing is directed towards municipal-type projects, an area that is a provincial responsibility.

Table 1 indicates a high proportion of program funding in the Atlantic provinces and Quebec relative to their percentage of the labour force.

OPTIONS

The Study Team recommends to the Task Force that the government consider the termination of this program: no new activities would be funded under LEAD and the existing program would be phased out as present commitments to communities terminate. EIC would continue to administer LEAD during the phase-down process. Responsibility for any new funding of economic development activities in local communities would rest with DRIE programs and possibly the provinces within the framework of the ERDAs. In the Study Team's view, a strong case can be made for this alternative in the light of concerns identified in the program assessment relating to long lead times to pay-off, high risk factors, and apparent duplication with DRIE programs and provincial measures. However, there would likely be opposition to terminating the program from potential program beneficiaries, especially in the Atlantic provinces and Quebec.

Table 1
Distribution of Program Funds by Region
As a Per Cent of Canadian Total Versus Regional Share of Total Labour Force and Unemployment Rates by Region

Program - Local Employment Assistance and Development

	Atlantic	Quebec	Ontario	Prairies	British Columbia
% of 1984/85 Program Funds	24.6	37.8	14.2	14.8	8.6
% of Total Labour Force (1984 avg.)	7.7	25.2	37.6	18.1	11.4
Unemployment Rate (1984 avg.)	15.4	12.8	9.1	9.8	14.8

KATIMAVIK

OBJECTIVE

To help in the personal development of young Canadians; To make a lasting and relevant contribution to the host community; to increase knowledge and understanding of Canada and its diversity; and to increase environmental awareness.

AUTHORITY

Memorandum of Agreement between the Secretary of State and OPCAN (current agreement expires July 1985; reviewed annually; A-base funding established to end of 1986/87 fiscal year).

DESCRIPTION

Katimavik is a national volunteer service for young people. The approach involves sending small groups of participants to three successive three-month projects in three different communities. Approximately one-third of the members of each group are French-speaking, and one of the communities in which the group lives is francophone. Participants receive food and shelter, and each participant who completes the 9-month program receives a cash sum honorarium.

The program is directed by a non-profit corporation, OPCAN, incorporated specifically for this purpose. All funding and policy negotiations are between the OPCAN Board and the Department of Secretary of State, sole sponsor of the program.

Over the past two years, the base finding for this program had been augmented by $30 million per year. The government recently announced that Katimavik funding will be reduced from $49.7 million to its base level of $19.7 million for 1985/86.

BENEFICIARIES

Participants in the program are young people between the ages of 17-21. Any non-profit group (municipal government, service club, school, community association, government agency, church, hospital, etc.) can act as project sponsor.

Applicants are categorized by sex, language, region, cultural group and economic status. Final selection is by computer, programmed to randomly provide a predetermined mix patterned on the national demographic make-up.

In 1983 approximately 2,800 youths were enrolled in the program. In 1984, that number rose to 4,800.

EXPENDITURES

	83/84	**84/85** ($millions)	**85/86**
Grants and Contributions	28.8	49.7	19.7
Participants (approx.)	2,800	4,800	5,500

ASSESSMENT

The Study Team has concluded that from the standpoint of job creation, the Katimavik Program is less beneficial than job creation programming which is targeted on unemployed youth, particularly in the present period when the rate of youth unemployment remains high. In support of this conclusion, the Study Team notes that a substantial number of the participants in the Katimavik Program are recruited in school and many return to school afterwards.

Departmental officials have indicated that if the program were terminated now, and the funding was not redeployed for other youth programs, there could be adverse reaction from youth groups, particularly since it is International Youth Year.

OPTIONS

Under this alternative, on the grounds that it is not justified as a job creation program, government funding for the Katimavik Program would be eliminated. At the same time, we recognize that the Katimavik Program has objectives other than job creation and that the effectiveness of the program in meeting these objectives is beyoned the scope of the study team to evaluate.

On the basis of these observations, the Study Team recommends to the Task Force that the government consider terminating this program.

CANADA ASSISTANCE PLAN (CANADA-QUEBEC AGREEMENT)

OBJECTIVE

To enhance the employability of young Quebec welfare recipients by upgrading their academic skills, providing on-the-job experience combined with relevant training or the provision of employment experience on community service projects.

AUTHORITY

Canada-Quebec Agreement - May 1984. Canada Assistance Plan.

DESCRIPTION

The Canada-Quebec Agreement which is administered by Health and Welfare is a novel approach being adopted under the auspices of the Canada Assistance Plan (CAP) to assist Quebec welfare recipients, under the age of 30, in obtaining employment. The agreement provides for a federal contribution of up to $60 million over the 2½ year life of the program which is matched by an equal provincial contribution. The federal contribution to the program is limited to those costs which the federal government would have shared under CAP in relation to the program participants as welfare recipients (i.e. there is no incremental cost to the federal government for this program).

The program consists of three separate components - academic upgrading, on-the-job work/training and community service projects. Program participants, who can participate to a maximum of 12 months, receive their basic welfare entitlements plus additional allowances based on their personal circumstances or the nature of the work assignment. These additional allowances are paid by the Quebec government and/or the employer. Participants in the program are not eligible for UI as a result of their involvement in the program. Individuals who refuse to participate in the program are not excluded from receiving welfare payments.

BENEFICIARIES

It was estimated that as many as 50,000 Quebec welfare residents under the age of 30 could benefit from the agreement's provisions. It is targeted to young welfare recipients since they comprise 52 per cent of total Quebec recipients and are deemed the most employable.

EXPENDITURES

Up to $60 million in federal contributions will be matched by the Quebec government during the 2½ year life of the agreement.

ASSESSMENT

This experimental program is focused on individuals who have not been successful in obtaining employment through other federal and provincial employment/job creation programs and as such are on welfare. The program started in June 1984 and initial uptake has been less than earlier forecasts. However, uptake is expected to increase as the program becomes more well-known.

The aim of the program in reducing social welfare dependency through the enhancement of participant employability can yield benefits to the individual and society in total. Individuals will be better able to provide for their own needs with society realizing a net saving in welfare payouts. Because the program only recently started it is too early to tell how successful it will be in this regard.

While other federal job creation/training programs exist which are targeted at unemployed youth (institutional training, Career Access, Jobs Corps, Youth Training Option), overlap in terms of clientele is minimal because program participants are on welfare and as such have generally not obtained employment/training through these other programs. The greatest potential for overlap is with the federal Youth Training Option program (YTO) but this does not occur because Quebec has not agreed to participate in YTO.

This program is a good example of federal/provincial cooperation in addressing the problem of unemployed youth. The success of this program will determine whether other provinces will request similar agreements. This would raise the question of overlap for those provinces which are involved in YTO.

OPTIONS

The Study Team recommends to the Task Force that the government consider maintaining this program. The Study Team views this experimental program as a good example of federal/provincial cooperation to address the problem of unemployed youth and as such should be continued until the end of the initial agreement.

An evaluation of the program will be made by Health and Welfare and these results will influence the decision whether or not the program should be continued. While the Study Team is of the opinion that overlap has been reduced in the case of this agreement with Quebec, we believe that the question of overlap should be addressed if additional provinces request a similar agreement.

EMPLOYMENT PROGRAMS

Introduction

The Study Team has found it useful to divide the 46 employment programs into three broad categories: the general placement and counselling programs; the specialized placement and counselling programs; and the industrial adjustment programs.

Based on our consultations, the Study Team believes that there continues to be a potentially significant role for the federal government in providing a general job placement service. In this regard, we attach some weight to the evidence that the general job placement service reduces the job search time for workers placed by the service. As most of these workers would otherwise be receiving Unemployment Insurance benefits, their reduced job search time generates savings in these benefits which may be sufficient to cover the costs of the placement service. However, the Study Team notes that private sector participants in the consultation process, while generally supporting a federal role in job placement, were typically very critical of many aspects of the existing service. In our view, the government should either take significant steps to improve the existing placement service or it should withdraw from the service if, at the end of two years, significant progress has not been made in implementing improvements. Furthermore, we recommend to the Task Force that the government consider giving priority within the two-year period to implementing improvements to the placement service in the following areas:

- much better screening of job applicants;
- greater contact between placement service staff and employers;
- greater targeting of the service towards employers and communities where there are not readily available private placement alternatives; and
- by establishing within their business associations a permanent corps of expertise to assist small- and medium-size business with their placement and personnel development programs.

We also have concluded that substantial administrative cost savings can be made in the operation of the general job placement service, without reducing quality of service, in two major areas:

- by greatly speeding up the process of implementing selective registration, maintaining complete employment files only on those individuals for whom this is likely to be of use; and
- by greatly accelerating the implementation of automated systems.

In reviewing the large number of specialized placement and counselling programs, and the general counselling program, the Study Team is mainly of the view that most of these programs should be maintained. However, with regard to some of these programs we have identified a number of areas for improvement, while for others, we have identified a need for review.

Finally, with respect to industrial adjustment programs, it is the Study Team's view that there is no need for a proliferation of such programs, each with its own overlapping clientele, and unique benefits (which can result in inequities amongst clienteles). In this regard, we note that there are, at present, a number of industrial adjustment programs including the Industrial Adjustment Service, the Modified Industry and Labour Adjustment Program, the Canadian Industrial Renewal Program (Labour Adjustment Measures) and the Labour Adjustment Benefits Program (of Labour Canada). Therefore, the Study Team recommends to the Task Force that the government consider consolidating these programs into one industrial adjustment program, run by EIC, for the purpose of simplifying program delivery and improving worker redeployment.

The group of employment programs contains 46 programs, which can be divided, broadly speaking, into three main sub-groups: general placement and counselling programs; specialized placement and counselling programs; and industrial adjustment programs. The first sub-group, general placement and counselling programs, is provided to job seekers and employers through the network of Canada Employment Centres operated by Employment and Immigration Canada across the country; the second sub-group, specialized placement and counselling programs, is provided to specific segments of the labour market, including students, disadvantaged groups, agriculture, federal government employment programs and international exchange programs; and the third sub-group, industrial adjustment programs, is generally intended to facilitate the redeployment of workers displaced as a result of structural change in the economy.

GENERAL PLACEMENT AND COUNSELLING SERVICES
EMPLOYMENT SERVICES - JOB PLACEMENT

OBJECTIVE

To facilitate the process whereby employers secure suitably qualified labour, and to assist workers to obtain employment to which they can realistically aspire.

AUTHORITY

Unemployment Insurance Act, 1971; National Employment Service Regulations.

DESCRIPTION

Job placement services are provided free of charge by Employment and Immigration Canada (EIC) through more than 450 regular local Canada Employment Centres (CEC) across the country. Essentially the placement function involves the matching of employers' vacancies with workers available. The linkage of the network of these offices also enables the matching of workers from one CEC area with jobs in another (through the National Job Bank and Regional Clearance Systems when vacancies cannot be filled locally). Job placement operates in parallel within the Unemployment Insurance Program. A regular UI claim automatically generates a registration for employment.

BENEFICIARIES

The service is available to all Canadian employers and those legally entitled to work in Canada. Over 60 per cent of unemployed job seekers use the CEC as one means of job search. Many employed job seekers also use the CEC.

EXPENDITURES	83/84	84/85
	($ millions)	
Salaries	$120.5	$124.7
Other O & M	1.6	1.9
Capital		
Grants and Contributiions	0.6	1.0
TOTAL	$122.7*	$127.6*
Person-Years	3,966**	3,976**

* This amount is charged against the Unemployment Insurance Account rather than the Consolidated Revenue Fund.

** These costs and person-years cover counselling as well as placement-related activities. Out of the 3,976 total, counselling amounts to 1,064 person-years.

The November 1984 Expenditure and Program Review contained a 200 person-year reduction for Employment Services. EIC has directed that this be effected by reductions in the staff at National, Regional and District Offices. There is to be no reduction in staff delivering service at Canada Employment Centres.

OBSERVATIONS

In 1981, an internal government Task Force on Labour Market Development in the 1980's (Dodge Task Force) made several recommendations for improving the employment service. It was suggested that CEC's cease registering all job seekers presenting themselves at CEC's, as fewer than 40 per cent of those registrations were ever used for employment purposes, and this activity is a heavy consumer of resources. Some of those resources could be redeployed to the provision of high quality extensive job information - which most CEC clients could access with a minimum of staff intervention. It was further suggested that CEC's make more use of automation, which in the past had been shown to improve the quality of service at a reduced cost. The Task Force found that poor screening by CEC's was an important factor and suggested EIC take steps to improve this service, particularly as it relates to small business.

Given the Task Force recommendations, EIC launched some tests, pilots and field trials on a limited basis. Despite an internal study and pilot identifying potential cost savings, EIC is still "testing" the concept of more limited worker registration in a small number of CEC's. Progress in implementing the automated National Employment Services System (NESS), which would generate significant staff and overhead savings, has been slow. CEC's still input identical client data for each activity/ program a client utilizes (UI applications, employment, training, job creation) with separate paper files and computer systems for each. The Study Team found little evidence of improved screening practices.

Recent client surveys undertaken by EIC, and confirmed in the consultations of the Study Team, indicate a very high level of dissatisfaction with the quality of the screening and referral service given by CEC's.

As identified in an EIC evaluation of the placement service, reduced recruitment time by employers and search time by workers (and a consequent reduction in frictional unemployment) are the primary benefits of the CEC placement services. Even in the context of the limited penetration, the evidence points to the conclusion that, taking into account the savings in Unemployment Insurance payments resulting from the reduced job search time by workers placed by the CEC's, the operating costs of the placement services are covered.

CEC penetration in private sector placement has declined from approximately 20 per cent in the 1960's to close to 10 per cent today. In 1961, the National Employment Service achieved over 1,000,000 placements, primarily in the private sector. In 1983/84, of the 700,000 placements recorded (in a labour market 2.5 times larger than in 1961) 185,000 were made by CEC's for students, over 200,000 were made on federally funded programs (job creation and industrial training) where employers were obligated to hire through the CEC, and 35,000 were with the federal public service through an exclusive hiring arrangement with the Public Service Commission. This suggests that fewer than 200,000 regular private sector placements were made by CEC's in 1983/84.

In urban areas, CEC's operate in parallel with fee-charging private placement agencies. Private placement agencies are currently estimated to have 2-3 per cent penetration.

The Province of Quebec operates a parallel system of Labour offices, Centres Travail Québec (CTQ) which do some private sector placement. Comments heard by the Study Team indicate an even higher level of employer and worker dissatisfaction with the CTQ operation than with the CEC operation.

ASSESSMENT

The Study Team has reached five main conclusions with respect to the placement service operated by EIC. First, we believe that there is a potential role for EIC in providing a job placement service. In this regard, we note that the private sector participants in our consultation process (including representatives from large and small business and labour) while very critical of many aspects of the Placement Service generally supported a federal government role in this area. Furthermore, we attach some weight to the evidence, based on EIC evaluations, that its Placement Service reduces the search time by workers in certain circumstances, compared with other placement alternatives in the private sector. Furthermore, we note that this evidence points to the conclusion that, taking into account the savings in Unemployment Insurance payments resulting from the reduced job search time by the workers placed by the CEC's, the operating costs of the placement service are covered.

Secondly, the Study Team has concluded that EIC should continue to provide a placement service only if it is able to make significant and demonstrated improvements in the quality of service provided to employers within a reasonably rapid period of time. In this regard, we note that employers generally are very critical of the quality of placement service provided by the CEC's. Complaints regarding the quality of the screening and the referrals made, and the lack of contact between placement service staff and the employers, were heard very frequently by the Study Team in its consultation process. Furthermore, the poor image of the present placement service appears to spill over on the part of many employers, particularly the smaller ones, into a perception that EIC programs generally are not sensitive to the needs and requirements of the private sector.

Thirdly, the Study Team believes that EIC should be directed to give priority to making significant improvements in the quality of the placement service provided to employers within a reasonably rapid period of time, which in the Study Team's view could be set at a maximum of two years. In view of the persistent decline in the role of the CEC's in the placement market over many years, and the slowness of EIC to implement suggestions for improvement that have been made in the past, the Study Team believes it is essential for the government to establish such a deadline and to monitor closely the department's progress in meeting it.

Fourthly, the Study Team is persuaded that significant improvements can be made to the quality of the CEC placement service without increasing the costs of the service. In this regard, we have identified at least two major areas where we believe that significant cost savings could be made which would free up resources that could be redeployed to improve the quality of the placement service. The first step we suggest would be to greatly speed up the process of implementing selective registration, maintaining complete employment files only on those individuals for whom this is likely to be of use, particularly special needs clients undergoing counselling, and skilled workers likely to be called for potential future vacancies. Secondly, we are persuaded that major cost savings could be made if implementation of the automated NESS system is greatly accelerated. Moreover, it is our opinion that additional administrative efficiencies in the placement service could be achieved without jeopardizing quality of service. In this regard, we note that, based on the data provided to the Study Team by EIC, the current cost per placement appears to vary by as much as 270 per cent from the least costly to the most costly region. While some variation in cost per placement is understandable due to differences in the regional environments, the apparent size of the regional cost variation at least raises the issue of whether administrative inefficiencies exist in the regions showing relatively high per placement costs.

Finally, the Study Team believes that, as part of an improved CEC placement service, greater priority should be given to targeting the service towards the type of employers, and perhaps communities, where its market potential is likely to be greatest relative to private placement alternatives. It is important to recognize that the CEC placement service cannot be all things to all people, and that for many types of placement, and for most large employers, the CEC placement service will not likely be the preferred alternative. On the other hand, in its consultation process, the Study Team heard a number of suggestions, particularly from small business representatives, that they might be prepared to make greater use of an improved placement service with much better screening and targeted much more closely to their employment needs.

It is the opinion of the Study Team that if business operated in the mode of CEC they would no longer be in business. In cases where business supports and utilizes service mechanisms, the performance of the service group would have to be greatly superior to CEC performance in order to be maintained and used by businesses.

In our view termination of the placement service at this time, without at least presenting a further period to improve the service would likely be met with widespread criticism from many employers and labour groups as well as many unemployed.

OPTIONS

In view of the above considerations, the Study Team recommends to the Task Force that the government consider making the program more effective and efficient. An alternative would be for the EIC to implement a more effective and efficient job placement service within two years to regain the confidence of employers, consistent with the conclusions stated above in the Study Team's assessment. As noted in the assessment, we believe that significant improvements can be made to the quality of the CEC placement service provided to employers and that significant cost savings can be made through greatly accelerated implementation of selective registration and the automated NESS system. Furthermore, we suggest as part of this alternative, that if after two years the quality of the placement service has not demonstrated significant improvement, the government should eliminate the placement service at that time. We also suggest that an independent review group, with strong private sector involvement, be established to evaluate the placement service at the end of the two-year period. As part of this alternative, in the Study Team's view, a portion of the funding for the placement service should be redeployed to establish a permanent corps of expertise to assist small and medium sized enterprise through their associations, in meeting their needs, including needs relating to placement, human resource planning, staff training, recruitment, etc.

Furthermore, we suggest that if at the end of the two-year period the quality of the CEC placement service has not improved significantly, the government should eliminate the service at that time.

NATIONAL EMPLOYMENT SERVICES SYSTEM

OBJECTIVE

To provide faster service and more accurate information to Employment and Immigration (EIC) employer and worker clients.

AUTHORITY

Appropriation Act.

DESCRIPTION AND BENEFICIARIES

The National Employment Services System (NESS) is a comprehensive computerized information system designed to interface with existing CEIC systems and provide automated support to Canada Employment Centre (CEC) activities not yet computerized. NESS has been under development since 1983 and builds upon two predecessor automated systems-Metropolitan Order Processing System (MOPS) and the Basic Operational Support System (BOSS).

The system will be developed, pilot-tested and implemented in three distinct phases: (i) linking the job order file with a worker file; (ii) development and addition of an employer file; and (iii) linking with employment program and U.I. claimant files. A pilot test of NESS Phase I is presently being conducted at two CEC locations, Halifax and St. John's Newfoundland.

EXPENDITURES

	83/84	84/85 ($ thousands)	85/86
TOTAL	150	327	80
Person-Years	3.4	4.8	0.8

* These financial and human resources refer to the pilot test of NESS Phase I at two CEC locations only.

ASSESSMENT

In the Study Team's view, the NESS system has the potential to improve the quality and timeliness of CEC client services and to reduce the paper burden facing regular CEC offices as a consequence of the manual systems now in place.

The Department has estimated that implementation of NESS Phase I on a national basis would result in the savings of 289 person-years. Additional resource savings could result from implementation of NESS Phase III. Information provided by the department suggests that the resource savings from implementation of NESS Phase I would exceed the costs of installing the system nationally.

Termination of this program would deprive the department of an opportunity to make significant resource savings, and to improve the quality and timeliness of CEC client services.

OPTIONS

The Study Team recommends to the Task Force that the government consider implementation of NESS on an accelerated basis, with implementation of all three phases scheduled for completion within not more than two years. A portion of the person-year savings from NESS Phase I implementation could be retained by CEIC to improve the placement services, with the rest being transferred to the Treasury Board.

NATIONAL JOB BANK

OBJECTIVE

To provide maximum exposure of employers' difficult-to-fill job vacancies in order to relieve situations of regional/industrial skill shortages.

AUTHORITY

National Employment Service Regulations.

DESCRIPTION AND BENEFICIARIES

The National Job Bank (NJB) is a computerized job order entry, inventory and distribution system for employers' hard-to-fill vacancies provided by Employment and Immigration Canada (EIC). It is centrally located in Ottawa, with information on job vacancies (2,600 at present) accessible to Canada Employment Centres (CECs) across Canada via toll-free telephone lines and back-up microfiche. The system replaced the various regional clearance systems in place prior to the NJB's inception in 1980.

Any job vacancy which goes unfilled for a period of 10 days or cannot be filled by workers in the local CEC area, is entered in the NJB inventory. Before placing the hard-to-fill vacancy in the inventory, the CEC must ensure that the wages and working conditions for the vacancy to be entered meets the local standard.

Any job seeker in the CEC who wishes to explore opportunities outside their areas of residence, may check National Job Bank listings.

EXPENDITURES

	83/84 ($ thousands)	84/85 ($ thousands)
Salaries and wages	340	316
Other O & M	1,203	1,010
TOTAL	1,543	1,326
Person-Years	15	11

ASSESSMENT

A 1981 internal EIC comparative evaluation of the NJB against the previous regional clearance systems in place prior to 1980 showed that employers' hard-to-fill vacancies were given a wider geographic exposure with a net increase in the number of jobs filled. It was calculated that the NJB resulted in 3,128 more transfers-in (vacancies filled by workers from outside the originating CEC area) than would have been the case previously. The evaluation report calculated that the average operating cost ($1,980) per transfer-in declined from $525 to $414 after the NJB was in place. In addition, hard-to-fill vacancies were identified more quickly (73 per cent cleared on the day the order was received as compared to 55 per cent) with an accompanying increase in the number of referrals made on the day of input (15 per cent vs. 10 per cent).

The Study Team believes that the NJB offers a valuable service, whose termination would make it more difficult to fill certain job vacancies. However, in our view the NJB system should be made compatible to and integrated with NESS (National Employment Services System), consistent with our recommendation in the review note on NESS that implementation of that system should proceed on an accelerated basis over the next two years.

OPTIONS

The Study Team recommends to the Task Force that the government consider integrating the National Job Bank with the National Employment Services System.

EMPLOYMENT SERVICES - COUNSELLING

OBJECTIVE

To provide advice, information and testing for workers who are not yet job ready or who wish to change their career/job orientation - so that they may be placed in employment.

AUTHORITY

Unemployment Insurance Act, National Employment Service Regulations.

DESCRIPTION

Job seekers may obtain employment counselling services at any of some 450 Canada Employment Centres (CEC's), 110 CEC's on Campus, 11 Women's Employment Counselling Centres, and 11 Special Youth Units. Service is provided on demand, with, in some areas, workload requiring a waiting list and waiting period for counselling.

The counselling consists of two elements: employment counselling focused on selecting appropriate training courses, developing job search and related personal skills, and providing labour market information; and vocational counselling focused on career counselling for labour market entrants and re-entrants, youth and career changers.

BENEFICIARIES

All persons legally entitled to work in Canada.

EXPENDITURES

There is no separately identifiable funding for this service. Counselling activities are closely inter-linked with job placement and are identified on a combined basis. The cost of the program is charged against the Unemployment Insurance Account. In 1983/84 the total program resources allocated amounted to $122.7 million involving 3,966 person years of which 1,053 (26.6 per cent) are identified as counselling activities. Comparable person-year data for 1984/85 are 3,976 and 1,064 respectively.

ASSESSMENT

In 1981, an internal government task force (Task Force on Labour Market Development in the 1980's) noted that there had been a decline in the proportion of employment services resources devoted to counselling over the previous decade, and that the objectives of this service had become increasingly muddled. The report also identified the need for counselling services to be focused on the hardest to employ and on special needs groups.

Provinces, most notably Quebec, Alberta, and Ontario, as well as a number of private organizations offer employment counselling to a variety of clients. Provincial services are aimed primarily at youth and welfare recipients. The private organizations serve their particular clientele, e.g. John Howard Society - former inmates, CNIB - the blind, etc. Employment and Immigration Canada (EIC) also funds, through the Outreach program, a large number of non-profit private sector organizations, to provide specialized employment counselling to a variety of clients. The private sector agents generally offer a more personalized service and often are better able to understand the particular needs of their more limited clientele.

Provincial governments generally view the counselling of youth as being within their area of responsibility. However, except in the case of Quebec, which has occasionally sought exclusive jurisdiction, most accept the federal involvement in view of their inability or unwillingness to provide additional resources to meet the demand and/or need for this service.

On balance, the Study Team believes that there is a need for the type of counselling offered by CEC's, if only to ensure that proper screening and counselling is available to those on whom EIC is investing over one billion dollars for training.

We also believe that available counselling resources, for which there is a great demand, are spread very thinly, and need to be targeted to where they can be most useful. EIC has acknowledged this for a number of years and issued policy pronouncements in this regard, yet there appears to be relatively little progress to indicate they have been implemented.

Moreover, we note that an extensive evaluation of the employment service by EIC found CEC clients on average had no better, or more stable employment history or higher earnings as a result of having dealt with the CEC, compared to a similar group which did not use the CEC. This raises serious concerns about the value of CEC intervention for other than pure speed of placement, namely the counselling service. The Study Team is also concerned about the environment under which the counselling is carried out, particularly the high counsellor caseloads, and the open office environment which we believe provides a lack of privacy for the type of service intended.

In our view, elimination of the counselling service would likely generate a negative reaction from the unemployed and particularly from representatives of special interest groups such as youth and women and from labour.

OPTIONS

The Study Team recommends to the Task Force that the government consider maintaining a counselling service for workers. However the delivery of this service would be targeted to clients with special needs who require assistance to secure employment, and then limited to that target clientele. This would reduce counsellor caseloads to a more reasonable level. In addition, employment counsellors would need better training, particularly on improving their understanding of the work environments for which they are preparing their clientele.

COUNSELLING-RELATED SERVICES

This covers the following counselling-related services administered by the Employment Services Branch of Employment and Immigration (EIC):

Women's Employment Counselling Centres (WECC)
Specialized Youth Units (SYU)
Job Finding Clubs (JFC)
Creative Job Search Technique (CJST)
Second Career Assistance Network (SCAN)
Testing

OBJECTIVE

These services relate to the EIC objective with respect to counselling, namely to provide advice, information and testing for workers who are experiencing difficulty in securing employment, who are not yet job ready or who wish to change their career/job orientation - so that they may find employment.

AUTHORITY

Unemployment Insurance Act and National Employment Service Regulations.

DESCRIPTION AND BENEFICIARIES

The 11 WECC's and 11 SYU's offer counselling and limited job placement services to their respective clientele. Some are located apart from a Canada Employment Centre (CEC), others are simply discrete units within a CEC.

JFC's and CJST are group counselling techniques applied by CEC counsellors to help job seekers to find jobs on their own.

SCAN is a specialized form of assistance available to retiring Armed Forces personnel.

Testing of job seekers aptitudes is used by counsellors to help them in assessing employability and suitability for particular types of work.

EXPENDITURES

WECC's and SYU's operate within the resource allocations of their parent CEC's. No additional resources were provided for their establishment in 1982 and 1983, and there has been no related incremental funding of parent CEC's since.

Job Finding Clubs, CJST and Testing, together consume less than $500,000 per year for support, such as development and distribution of materials, training of CEC staff and related staff costs.

There are no incremental costs associated with SCAN, which is simply a name attributed to regular CEC service to retiring Armed Forces personnel.

ASSESSMENT

In our view, these counselling services should be assessed within the broader context of EIC's counselling services generally (see Employment Services - Counselling). Furthermore, we believe that EIC should continue to have the flexibility to provide these services within the broader context of the improved counselling program, which we have suggested elsewhere. Counselling services should be better targeted on those who need counselling assistance most.

OPTIONS

The Study Team Recommends to the Task Force that the government maintain these counselling-related services.

CHOICES

OBJECTIVE

To assist people in gaining a knowledge and understanding of specific types of occupations so as to assist their employment and career development.

AUTHORITY

National Employment Service Regulations.

DESCRIPTION

CHOICES is provided by Canada Employment and Immigration (CEIC). It is an interactive computerized system that will select occupations of interest to users based on their responses to standardized questions regarding occupational characteristics and requirements. Based on the user's input, the computer will select distinct occupations which match the user's interests, aptitudes, training, etc. from over 600 contained in its memory. Following this selection phase, the user can request detailed information on any of the occupations chosen as well as data related occupational categories (over 3,000 related occupations are stored in memory files).

The system can be accessed at 48 Canada Employment Centre (CEC) offices and is also available for purchase from two companies licensed by the government to market CHOICES nationally and internationally. To date, hundreds of other sites have the system operational in Canada and abroad.

BENEFICIARIES

CEC clients requiring career counselling/planning assistance, including some new entrants and re-entrants to the labour force, and some individuals contemplating a career change.

EXPENDITURES

	83/84 ($000's)	84/85
TOTAL	1,011.1	1,003.7
Revenues	228.4*	456.9*
Person-years	3	2

* These revenues do not accrue to EIC. They are the result of patent royalties and taxes collected by the federal government on sales of the system.

ASSESSMENT

CHOICES is essentially a counselling tool designed to assist individuals in making appropriate career choices.

It has been given a relatively high profile by the Department, as an example of the use of advanced technology to assist individuals in selecting occupations. A 1981 internal EIC evaluation of CHOICES revealed little or no discernible difference between the impact of CHOICES on clients' subsequent employment experience vis-a-vis clients who received conventional career counselling. However, it was found that CEC clients who used CHOICES were slightly more satisfied with CEC service than non-users (69 per cent vs. 62 per cent).

The evaluation also found that more staff time was required for each CHOICES' client as compared to clients who received conventional counselling services. The evaluation estimated that CHOICES was 2.5-3.5 times more expensive to use than conventional counselling means due to higher labour costs and fixed operational costs of $37.53 per client.

Much of the career information in the CHOICES system is more widely available in printed form through the Careers Canada, Careers Provinces and College and University Programs in Canada publications.

OPTIONS

In the Study Team's view, based on the evaluation findings noted above, a strong case can be made for it to recommend to the Task Force that the government consider terminating the CHOICES system.

CAREER RELATED PUBLICATIONS

This covers the following four publications:

Careers Canada
Careers Provinces
College and University Programs in Canada (CUPC)
Directory of Employers of College and University Graduates (DECUG)

OBJECTIVE

To assist youth, primarily in schools or other institutions, in making career decisions.

AUTHORITY

Appropriation Act.

ELIGIBILITY

All four publications are distributed free of charge to Canada Employment Centres (CEC), secondary and post-secondary educational institutions, libraries and guidance centres.

DESCRIPTION

The companion careers publications (Careers Canada and Careers Provinces), updated every 3-4 years, consist of some 35 Careers Canada booklets, each covering a broad occupational category (e.g. health, transportation) and cross referenced with the Careers Provinces fact sheets which cover specific occupations within those categories and outline educational and licencing requirements particular to the province.

The two directories (CUPC and DECUG) conveniently group in a single publication information generally available elsewhere.

EXPENDITURES

	83/84	84/85
	($000's)	
Careers Canada	98.9	36.3
Careers Provinces	145.1	331.9
CUPC	48.9	78.7
Directory of Employers	64.4	39.4
TOTAL	357.3	486.3

ASSESSMENT

The Study Team believes that publication by the federal government of nationally focused career information can be justified in some circumstances. We note that much of the information provided in the four career-related publications identified above is also available through the CHOICES System, which, however, has a much more limited accessibility. A 1973 federal-provincial understanding resulted in the federal government taking responsibility for producing this material. Economies of scale are such that most provinces would not be likely to produce such publications if the federal government ceased to do so.

The Study Team is convinced of the need for timely career information, and is concerned that 3-4 years may be too long an interval for updating many of the Careers Provinces occupational fact sheets.

The elimination of the Directory of Employers would oblige graduating students to utilize other sources of reference, which may be more dispersed, but are readily available. The CUPC publication however, provides a national perspective not available elsewhere, and its disappearance would leave a void in this respect and could limit the perspective of students contemplating post-secondary schooling to institutions closest to their own areas of residence. Elimination of the careers publications would leave a handful of provincial fact sheets covering a limited array of occupations, and would result in the importation of career publications material from the United States to fill the void. In the late 1970's and early 1980's, a Canadian firm, Reed Vocational Services, attempted to launch a private service of this type, and after operating for a few years, was forced to declare bankruptcy.

OPTIONS

The Study Team recommends to the Task Force that the government maintain these career-related publications.

COMPUTER ASSISTED SCREENING

OBJECTIVE

To provide counselling assistance, especially to young people, in entering and adjusting to the labour market.

AUTHORITY

Appropriation Act.

DESCRIPTION

An interactive computerized system designed to provide clients with information on job search techniques and the identification of job qualifications. The information will be provided by micro-computers installed in the front end of CEC offices and will be based on client answers to standardized questions. A pilot trial is planned to commence at 10 CECs beginning in 1985.

BENEFICIARIES

CEC clients, especially young people.

EXPENDITURES

	83/84	84/85
	($000's)	
TOTAL	61	207
Person-Years	.9	1.6

ASSESSMENT

The system has been tested at two CEC offices and at the Canadian National Exhibition. These tests yielded results favourable enough to suggest further pilot tests in 10 more CECs. The system is a computerized version of counselling services provided to clients in groups through Creative Job Search Technique (CJST) sessions and Job Finding Clubs.

OPTIONS

The Study Team recommends to the Task Force that the pilot trial of COMPASS should proceed. It is further recommended that, at the end of the trial, a decision be made on the appropriateness of extending the system, depending on whether it is demonstrated to be cost effective in relation to other available counselling techniques such as personal interviews, group counselling and aptitude testing.

EMPLOYMENT SERVICES - LABOUR MARKET INFORMATION

OBJECTIVE

The collection, analysis and dissemination by Canada Employment Centres (CEC's) of data on job openings, workers available, prevailing wage rates, employment conditions and the wider trends in the labour market at the national, regional and local levels.

AUTHORITY

Unemployment Insurance Act, 1971; National Employment Service Regulations.

DESCRIPTION

Labour market information (LMI) has recently been identified by Employment and Immigration Canada (EIC) as one of the three major components of the "revitalized" (SIC) Employment Service because of the need to ensure that workers, employers, etc. have the necessary information to facilitate the effective operation of the labour market. The LMI component of CEC activities involves the collection, analysis and dissemination of data on job openings, workers available, prevailing wage rates and wider labour market trends at the local level. The focus of the labour market package being developed includes improving the accessibility of existing material which is already available in one form or another, such as employer lists and a more detailed profile of selected employers (including their hiring methods); characteristics of available labour supply and detailed characteristics of workers available; employment opportunity information and prevailing trends in wages and conditions of employment, etc. It does not include the provision of information on specific jobs for the purpose of placement.

BENEFICIARIES

Potential users include all Canadian workers and employers, institutions and local communities.

EXPENDITURES

	83/84	84/85 ($ millions)	85/86
TOTAL	2.4	3.8	4.2

These funds are charged against the Unemployment Insurance Account rather than the Consolidated Revenue Fund.

ASSESSMENT

In 1981 an internal government task force (Task Force on Labour Market Development in the 1980's) argued that labour market information had intrinsic value in improving the performance of EIC programs. EIC has interpreted this to mean that CEC's should play a more important role in collecting and disseminating this information - to employers for human resource planning purposes, to policy developers to help target program initiatives, and to workers to make better employment decisions. EIC has approved a policy on labour market information - but the extent to which it has been implemented appears to vary from region to region, in that some CEC's have dedicated resources to the function, while in others, it is incidental to other activities.

In its consultations, the Study Team found that CEC generated labour market information is generally viewed as unreliable and of little use to employers, employees, training authorities and even within EIC. CEC's are seen as having a vast store of unique local LMI, but do not seem to be able to produce it in useful form. The low penetration of CEC's in the placement market also limits the value of its aggregated job information.

Much of this type of information is provided to and available from Statistics Canada and other provincial and private organizations. CEC's often ask employers for the same information sought by Statistics Canada and others. This duplication is annoying to some in the business community.

OPTIONS

The Study Team recommends to the Task Force that the government consider giving lower priority to the labour market information component of employment services. In our view, this should be accompanied by at least a 50 per cent reduction in the resources devoted to the labour market information component. In support of this alternative, we note that, as stated in the assessment, aggregated information on wages, the labour force, employment conditions, and prevailing trends can often be obtained from Statistics Canada and provincial government sources. We also note that there are others in EIC engaged in the analysis of labour market information, most notably the Strategic Policy and Planning group in Ottawa, and regional and district economists in the field.

CANADIAN OCCUPATIONAL PROJECTION SYSTEM

OBJECTIVE

To provide an information and analytical base on occupational demand and supply to facilitate and support training and other labour market-related decisions, both in the federal and provincial governments, as well as in the private sector.

AUTHORITY

Appropriation Act

DESCRIPTION

Imbalances between occupational demand and supply at the national, regional or industrial level have been identified as detrimental to economic growth. The Canada Employment and Immigration Commission's (CEIC's), Canadian Occupational Projection System (COPS) is aimed at providing decision-makers with advance information on developing or projected labour market problem areas, on an occupational basis, in order to support necessary preventive action on the part of business, labour or governments. COPS uses computer models to produce three- to eight-year estimates of future occupational demand and supply, by industry, year and province for about 500 occupational groups. The assumptions and various technical aspects of the model are discussed with federal and provincial authorities, and with the private sector, prior to the publication of results.

In addition to producing these supply/demand projections, COPS undertakes or funds sector-specific studies to qualitatively assess, through expert opinion and analysis, the impact of technological change, work pattern shifts, etc. on the occupational composition of selected industries. Approximately five or six sector studies are carried out each year with the information obtained being used to adjust the above-mentioned projections of the supply and demand for occupations, sectorally.

EXPENDITURES

	83/84 ($ millions)	84/85 ($ millions)	85/86 ($ millions)
Salaries and O&M*	2.2	2.8	2.5
Person-Years*	31	33	33

* Data excludes regional analysts employed by Regional Economic Services' Branches in CEIC. In 1984/85, it is estimated that regional salaries and O&M will amount to $475,000.

ASSESSMENT

In the Study Team's opinion, it is essential that the federal and provincial governments and the private sector have reliable information on projected labour market imbalances by occupation to guide them in determining and adjusting their training and human resource plans. Such information would also be of use to individuals in terms of career planning.

Although COPS is providing projections of occupational supply and demand over a three- to eight-year time frame, and despite the fact that some use is being made of these projections by CEIC in determining funding aspects of such programs as Critical Trade Skills Training, there are serious doubts about the reliability of these projections. COPS relies on assumptions which might make its projections unreliable in light of the impact of today's rapid technological change on the occupational mix of industrial workforces. The sector studies are intended to compensate for this.

Furthermore, COPS attempts its projections for some 500 occupational groups. In our view, this is both too broad in scope (i.e., too many groups) and too narrow in detail (i.e., not sufficiently focused on individual occupations) to be fully useful. As many occupations do not have a significant training component, and as many more do not fall within the scope of CEIC's range of labour market initiatives, it is the Study Team's view that COPS should focus its limited resources on those occupations which require a significant amount of training and where CEIC can exert a meaningful influence on potential imbalance situations.

It is possible that, in the future, there will be a duplication between COPS and occupational forecasting that could be carried out by the Canadian Labour Market and Productivity Centre. However, the Centre has not yet determined whether it will engage in such forecasting.

OPTIONS

The Study Team recommends to the Task Force that the government consider targeting COPS on those occupations which require a significant amount of training and over which CEIC can exert a meaningful influence in terms of redressing potential occupational imbalances.

JOBSCAN/NOACS/CCDO

OBJECTIVES

To provide new manual and/or computerized systems capable of replacing the Canadian Classification and Dictionary of Occupations (CCDO) as the primary reference source on occupational descriptions for approximately 7,000 uniquely identified Canadian jobs.

AUTHORITY

Appropriation Act.

DESCRIPTION

The Canadian Classification and Dictionary of Occupations (CCDO) provides a systematic classification structure to categorize and describe the entire range of occupational activity in Canada. This type of information is required to assist in the matching of job seekers with vacancies, planning of training and education programs, and occupational projections, and for counselling purposes. CCDO was first developed in 1971 and although some revisions have been made to it as a consequence of emerging new occupations and the like, the system to date has never kept up with the demand for new revisions and is no longer reflective of current labour market structures. In addition there have been increasing concerns that there is a need for a more flexible occupational coding system that could be updated rapidly and meet the needs of the widest possible range of user groups.

To address this issue, the National Occupational Analysis and Classification Systems (NOACS) Branch of Employment and Immigration Canada (CEIC) has been working on the development of two related systems. These two systems are the National Occupational Classification (NOC) and JOBSCAN, both of which are in the developmental stages. NOC differs from CCDO in that it is a skill-based (as opposed to an occupational-based) system of classification with individual categories related to aggregations of skills. JOBSCAN involves the further development of a computerized application of NOC which if successful could ultimately be incorporated as part of NESS. In view of the importance of NOC most of the available resources of NOACS are devoted to it.

BENEFICIARIES

The prime users of the systems besides CEIC are other federal government departments, provincial governments and the private sector. The major beneficiaries and clients of the occupational systems include Canadian employers and workers who are clients of CEIC.

EXPENDITURES

	83/84 ($000s)	84/85 ($000s)
TOTAL	605	1,337
Person-Years	10	23.5

ASSESSMENT

It is the view of the Study Team that the need for an up-to-date classification system is self evident in view of the growing importance of human resource planning in the economy and the very high levels of funding now devoted to education and training.

A major concern that has been identified is with respect to the length of time taken so far with respect to the development of the new classification system while the existing CCDO has been allowed to wind down. If CCDO is not being maintained in a fully updated state then its value is rapidly diminishing. The first priority in the view of the Study Team is to decide which of the two systems is the most appropriate and to implement it expeditiously. At present, roughly 10 per cent of the NOAC's budget has been allocated to maintaining the CCDO but it is not clear whether this is sufficient.

OPTIONS

The Study Team recommends to the Task Force that the government consider undertaking an immediate review to determine which system is best adapted to the needs of potential users relative to cost. This would be followed by an expeditious implementation of the chosen option.

SPECIALIZED PLACEMENT AND COUNSELLING SERVICES
CANADA EMPLOYMENT CENTRES FOR STUDENTS

OBJECTIVE

To facilitate the placement of secondary and post-secondary students in the private and public sectors and to assist employers in obtaining the services of students as temporary summer help, and to help reduce social and economic inequalities which may be experienced by disadvantaged students.

AUTHORITY

Unemployment Insurance Act; National Employment Service Regulations.

DESCRIPTION

Each summer (April - August) CEIC operates a network of some 250 local Canada Employment Centres for Students (CEC-S). They act as a focal point within each community for information dissemination, job development and the placement of students seeking summer work. Students and recent graduates are hired to staff these centres - as a peer group service. CEC-S is designed as a marketing approach to encourage employers to create as many temporary summer jobs as possible and to list these jobs with the local CEC-S.

BENEFICIARIES

Secondary and post-secondary students seeking summer employment who are returning to continue their education in the fall who register with a CEC's. Private and public sector employers seeking the services of students as temporary summer help - who notify their vacancies to a local CEC-S.

EXPENDITURES

	83/84	84/85 ($ millions)	85/86
TOTAL	13.6	13.6	13.6

ASSESSMENT

In its consultations the Study Team heard generally favourable comments about the student centres. This reaction is reflected in the fact that, unlike its regular CEC counterpart, the CEC-S system has recorded an increased volume of placement activities most years, rising from 192,272 placements in 1975 to 411,107 in 1984.

As a labour market intermediary, CEC-S has a limited but not insignificant penetration of the national summer job market. Approximately 30 per cent of the students in the summer labour market register with a CEC-S (other approaches are used simultaneously). From the point of view of the demand side of the temporary summer labour market, CEC-S placements account for about nine per cent of total activity (employers rely mainly on informal recruitment methods). In terms of assisting employers to obtain workers, an internal EIC evaluation found that the majority of employers who used CEC-S were satisfied with the service. Through pooling of information on available job vacancies in the student summer labour market, all students using CEC-S have a better opportunity to compete for vacancies notified (social equity).

The CEC-S system relieves pressure on both regular CEC's and on employers by receiving and placing large numbers of students during peak summer months.

Elimination of this program would in our view be perceived as leading to a significant reduction in employment opportunities for students.

OPTIONS

The Study Team recommends to the Task Force that the government maintain the program.

CANADA EMPLOYMENT CENTRES - ON CAMPUS

OBJECTIVE

To assist employers with their work force needs and to facilitate the recruitment of post-secondary students seeking employment.

AUTHORITY

Unemployment Insurance Act; National Employment Service Regulations.

DESCRIPTION

At present, 110 Canada Employment Centres-on Campus (CEC-OC) provide placement and related counselling services to post-secondary students/recent graduates at university/college campuses throughout the country. CECs-OC are established on-campus at the invitation of the post-secondary institution. They concentrate their efforts on securing career opportunities for graduates.

BENEFICIARIES

In the 1981/82 academic year, CECs-OC, operated at 41.3 per cent of the post-secondary institutions in Canada, provided service to 72.6 per cent of full-time post-secondary students and 65.2 per cent of graduating students.

EXPENDITURES

	83/84	**84/85** ($000's)	**85/86**
TOTAL	4,302.7	5,432.7	5,704.3
Person-Years	177	206	206

ASSESSMENT

The CEC-OC service has almost 50 per cent of its offices in Quebec. The services they provide are complementary to those offered by regular CECs. To some extent, CECs-OC compete for available vacancies among themselves and with independent university funded placement offices established at over 50 college/university campuses, as the labour market in which they operate is most often national in scope.

If the program was eliminated, on-campus recruitment services would likely become available to students through other formal or informal placement channels. Some CEC-OC served institutions would likely establish placement facilities - especially the larger, metropolitan campuses. Small institutions, because of limited resources and their distance from major employment markets, might have more difficulty in attracting employers without CEC assistance. Universities would complain that they will be obliged to divert already scarce funds for this purpose from other areas. Student groups would also view this unfavourably.

In 1983/84, CECs-OC made more than 46,000 full-time placements at an average cost of $117 per placement. However, there are substantial variations in this cost from region to region, ranging from $31 in B.C. to $387 in P.E.I. Although the $117 average is less than the corresponding figure of $174 for regular CECs, it must be emphasized that CECs-OC clientele are considerably more labour market ready than regular CEC clientele. Also, the cost per placement would be higher if account were taken of the fact that institutions provide rent-free offices, furnishings and telephone and mail service.

OPTIONS

The Study Team recommends to the Task Force that the government consider scaling down the program by at least 30 per cent of its current size (i.e. by approximately 70 person years or $1.9 million). This should be straightforward to accomplish: by eliminating service in larger metropolitan campuses, and bringing down costs by utilizing "part-time" services that would see some CEC-OCs open at only selected times of the week or year.

FEDERAL-PROVINCIAL AGRICULTURAL EMPLOYMENT DEVELOPMENT AGREEMENTS

OBJECTIVE

To promote consultation and cooperation in policy and programs development and to provide a means whereby Canada can equally share with the provinces, the costs of joint agricultural employment measures.

AUTHORITY

Treasury Board Minutes 781230, 787511, 782401, 787014, 783843, 781736, 781227 and 785782.

DESCRIPTION

The agreements have been a component part of the Canada Employment and Immigration Commission's (CEIC's) agricultural employment development programs since the early 1940's. They are negotiated bilaterally with the provinces for multi-year periods. All provinces, except Newfoundland and Alberta, presently participate in the program. The current agreements terminate in March 1986, except Quebec's which ends March 1985.

Joint federal/provincial consultation and cooperation is facilitated by the establishment of Provincial Agricultural Employment Development Committees comprised of representatives from both levels of government and the private sector. These committees also oversee the operation of the Canada Farm Labour Pools in their province. The agreements provide for the cost-sharing of the administrative services of these committees. They also provide for cost-sharing initiatives, at the discretion of the province, aimed at the development of agricultural employment: for example, the construction or renovation of housing for seasonal agricultural workers; promotional campaigns; inter-provincial youth employment exchanges in agriculture; and day-haul transportation.

EXPENDITURES	83/84	84/85 ($ 000's)	85/86
Grants & Contributions*	1,092	1,012	1,012

* These expenditures are matched by the provinces who administer the specific cost-shared programs. There are no operating costs (i.e., salaries and person-years) specific to the program.

Regionally, the 1984/85 grants and contributions are distributed as follows: Atlantic 3 per cent, Quebec 42 per cent, Ontario 44 per cent, Prairies 10 per cent and British Columbia 1 per cent. The apparent regional disparity in funding reflects the fact that only three provinces have opted for employment development initiatives: $350 thousand is spent on dayworker transportation in Quebec, and another $450 thousand is spent on seasonal housing programs in Ontario and Manitoba. The remaining $212 thousand in the 1984/85 budget is spent on publications, surveys and administrative expenses in all provinces.

ASSESSMENT

Joint federal/provincial consultative and cooperative programs result in the elimination of competitive and duplicative programs and the tailoring of programs to reflect regional needs and priorities. An internal program review found the agreements to be dynamic and flexible mechanisms for funding necessary program measures in the field of agricultural employment development. In addition, the private sector and most provincial governments were in favour of program continuance.

Terminating the program would probably result in adverse provincial government reaction and, at least in the case of Quebec, a more costly dayworker transportation service being provided by the Canada Mobility Program.

OPTIONS

The Study Team recommends to the Task Force that the government maintain the program.

CANADA FARM LABOUR POOLS

OBJECTIVE

To assist persons in the implementation and operation of specialized non-profit employment service agencies designed to stabilize the agricultural labour market by organizing the supply of Canadian farm workers that is required by agricultural communities.

AUTHORITY

Cabinet Document 3-74; Treasury Board Minute 780116.

DESCRIPTION

The Canada Farm Labour Pool (CFLP) system, which is administered by the Canada Employment and Immigration Commission (CEIC), consists of 65 offices established as the result of a joint federal/provincial initiative. CFLP's are a component part of CEIC's agricultural employment programs which provide specialized employment services to the agricultural sector. In addition to recruitment, placement and referrals to training, the Pools may arrange for the transportation, accommodation and orientation of farm workers. They also assist in the delivery of federal/provincial agricultural programs. Where CFLP's do not exist, agricultural employment services are provided by the regular CECs.

Agricultural employers and farm workers in all provinces, except Newfoundland benefit from this program. The offices are managed by individuals, under contract to the Minister of EIC, who receive contribution funds for the delivery of labour exchange services to the agricultural sector. The offices are assisted by community-based Local Agricultural Manpower Boards (LAMBs) that act in an advisory capacity. They also work in close cooperation with local Canada Employment Centres. In 1983/84 some 79,000 employers and 172,500 farm workers benefited from the program. In addition, some 215,000 placements were made by the CFLPs in 1983/84.

EXPENDITURES

	83/84	84/85 ($000's)	85/86
Salaries and O&M*	521	528	549
Grants & Contributions	5,231	5,938	5,994
TOTAL	5,752	6,466	6,543
Person-years*	12	16	16

* Includes operating resources for Federal/Provincial Agricultural Employment Development Agreements and the Caribbean and Mexican Seasonal Agricultural Workers Programs.

ASSESSMENT

Regular CECs, which are faced with the problem of allocating resources among competing demands, are not equipped to serve the unique labour demand requirements of the agricultural sector - especially the peak demand for a large number of temporary workers at or around harvest time. The CFLP offices, as a consequence of their specialized function, are better suited to meet this need. In addition, CFLP offices, because of the cooperation and assistance provided to them by sector experts who serve on the LAMB's, can develop operational plans reflective of the agricultural sector's changing labour requirements.

In 1983/84, the average cost per CFLP placement was about $27 as compared to the regular CEC cost per placement figure of $174. These cost-per-placement figures are not absolutely comparable due to the differing characteristics of the clientele groups served and the greater percentage of casual placements (jobs of less than five days' duration) effected by CFLPs. However, due to the wide divergence between the cost-per-placement figures attributed to the two services ($147), it would appear that CFLP offices are providing a resource efficient service to their clients. This is further supported by the fact that CFLP managers use 85 per cent of their grants and contributions to hire the equivalent of about 200 full-time staff who make, on average, almost 1,100 placements per person per year, compared to the 700 or so made by regular CEC staff.

Terminating the program would probably result in a more expensive, less efficient placement service for agricultural workers as this would have to be provided by local CECs. Also, there would probably be adverse reaction from the 79,000 employers and 172,500 farm workers served by the program, not to mention the negative reaction of provincial governments.

OPTIONS

The Study Team recommends to the Task Force that the government maintain the program.

1984/85 Regional Distribution of Canada Farm Labour Pool Worker Clients, Employer Clients, Placements and Financial Assistance

(per cent)

Region	**Worker Clients**	**Employer Clients**	**Placements**	**Grants and Contributions**
Atlantic	7.8	3.8	4.8	7.4
Québec	23.2	17.7	56.9	16.1
Ontario	39.4	43.1	25.6	30.2
Prairie	15.1	10.1	3.6	32.4
British Columbia	14.5	25.3	9.1	13.9

INTERNATIONAL EXCHANGE PROGRAMS

OBJECTIVE

These programs provide young Canadians with employment experience and/or cultural exchanges abroad.

AUTHORITY

Canada Immigration Act 1976 and Regulations; international bilateral and multilateral instruments ratified by Canada and the other governments concerned.

DESCRIPTION

Two exchange programs are involved and are administered by Employment and Immigration Canada (EIC) on behalf of the Department of External Affairs (DEA) which is responsible for international exchange arrangements and for any grants and contributions which may be paid under these measures:

> **Students Exchange Program** - provides opportunities for obtaining summer employment abroad; exchange programs are ratified with individual countries under the program component.
>
> **Canada Mexico Exchange Program** - enables young Canadian and Mexican post-secondary graduates to gain practical experience in their field of study and to learn about each other's culture while encouraging closer relations between both countries.

Applications are submitted through local Canadian Employment Centres with selection of participants based on matching applicants' academic background skills and language abilities against occupational requirements identified by the participating foreign countries or international agencies. With a few exceptions applicants generally are responsible for their travel expenses and their living costs. Provisions exist to monitor the programs where necessary to ensure that the employment of incoming students does not displace Canadian workers nor contravene regular wages or working conditions for the occupation concerned and to ensure that reciprocity is maintained qualitatively and quantitatively.

BENEFICIARIES

The programs are available to post-secondary students and graduates between the ages of 18 and 30. Approximately 3,500 Canadians benefit under the programs annually with a roughly similar number of young people from reciprocating nations coming to Canada.

EXPENDITURES*

	83/84	84/85
	($000s)	
TOTAL	422	375
Person-Years	3	3

*Funding provided by Department of External Affairs under the Canada Mexico Exchange Program and the Canada Germany Exchange Program.

ASSESSMENT

These programs are small and consequently their impact on the overall labour market is also limited. To the extent that offsetting numbers of moves between countries occur, the issue of displacement of other job seekers in the Canadian job market appears likely to be minimal. The programs are focused on cultural exchange experience and international relations as well as employment goals. In principle they appear likely to have a beneficial impact overall. However, to date the programs do not appear to have been comprehensively evaluated. This seems particularly important due to their relevance in the context of international relations.

OPTIONS

The Study Team recommends to the Task Force that the government consider maintaining and evaluating the programs.

CARIBBEAN AND MEXICAN SEASONAL AGRICULTURAL WORKERS PROGRAMS

OBJECTIVE

To provide for the organized movement of foreign workers to meet the temporary/seasonal needs of agricultural employers for specific periods, primarily the harvesting of fruit and vegetable crops, when there is an insufficient supply of Canadian workers.

AUTHORITY

Bilateral agreements with Mexico and 11 participating Caribbean countries - Treasury Board Minutes 686268, 673311, 670126 and 656668.

DESCRIPTION

The program, which is administered by the Canada Employment and Immigration Commission (CEIC), began in 1966 when an agreement was signed with Jamaica and, since that time, has expanded to include seasonal agricultural workers in 10 other Caribbean countries plus Mexico. Five-year Memoranda of Understanding, ending March 1987, have been signed with each country. An agricultural employer requiring foreign workers to meet operational requirements must give eight weeks advance notice to the nearest Canada Employment Centre and/or Canada Farm Labour Pool (CEC/CFLP). If the CEC/CFLP determines that no Canadian workers are available locally or nationally to meet the need then foreign workers are recruited by immigration officers working in the participating foreign countries.

A total of 854 farmers benefited from this program (over 96 per cent of whom were in Ontario - mainly south west) in 1984. In addition, 4,502 Caribbean and Mexican workers are estimated to have earned $13.9 million in gross income as a result of the program.

EXPENDITURES

Under the bilateral agreements, Canada makes direct contributions of $18,000 annually to the Caribbean countries for worker liaison services. In addition, CEIC provides support staff offices for 4.5 person-years, furnishings and telephone services estimated to cost $250,000 annually.

ASSESSMENT

When the program was introduced the labour market was very tight and it was particularly difficult to obtain seasonal agricultural workers. As employment conditions in Canada have weakened considerably in recent years, it may be questioned whether there is a need to continue to bring in these workers. A 1980 review of the program indicates that while there is concern about the denial of job opportunities to Canadians, there are strong interests supporting the continuance of the program (principally, the Ontario Fruit and Vegetable Growers' Association - which employs some 60 per cent of the workers, the provincial Departments of Agriculture, the supplying countries and the Department of External Affairs). Although program managers believe that they could meet the current demand with Canadian workers supplied through the Canada Farm Labour Pools it is not clear that this is the case, nor is it clear that such would be the case in the future.

The Study Team is, however, concerned about the costs of the program being borne by government. As these costs are a direct subsidy to the participating agricultural employers, in our view, a strong case can be made for reviewing whether these costs should be recovered directly from them.

While terminating the program would increase job opportunities for Canadians, it is not clear that sufficient Canadians would be available to meet the labour needs of a significant number of the agricultural employers who rely on this program. Furthermore, there would be some loss in international goodwill if the program was cancelled.

OPTIONS

The Study Team recommends to the Task Force that the program be maintained and a review of the question of whether program costs should be recovered from the participating agricultural employers be undertaken.

INDEPENDENT IMMIGRANTS AND FOREIGN WORKER RECRUITMENT

OBJECTIVE

To permit and facilitate the recruitment of workers from abroad, both permanently and temporarily, in support of immigration and employment objectives and, in instances where there are no Canadians available, to meet employers' specified needs.

AUTHORITY

Immigration Act and Regulations.

DESCRIPTION

In general, the Immigration Act makes provision for people in other countries to apply for immigration to Canada under three broad categories: as refugees; for purposes of family reunification; and, as independent immigrants. Independent immigrants are, in turn, also composed of three broad categories: business immigrants; retired persons; and, selected workers (including the spouses and other dependants of all three categories). It is the last category with which foreign worker recruitment policy is concerned. It is also concerned with the temporary admission of workers to Canada to meet short-term labour demands which can not be satisfied by Canadian workers. Temporary admissions may be for a period of up to one year (with provision to renew for up to one additional year).

Normally, independent immigrants (except for business immigrants and retired persons) are selected for admission to Canada based on a point-rating system which assigns points for, among other things, intended occupation, intended province, education level, etc. If an occupation is not considered to be in shortage in Canada it is assigned zero points and, at the present time, prospective immigrants in that occupation are denied entry to Canada. In May 1982, the point rating for all occupations was set to zero reflecting the 1981/82 recession and the difficulty that Canadians had in obtaining employment. Thus, the flow of independent immigrants to Canada was effectively cut off except for those brought in through foreign worker recruitment,(i.e. those with arranged employment). Thus, it can be seen that immigration policy with respect to independent immigrants is largely driven by employment policy dealing with shortages of labour.

Under foreign worker recruitment Canadian employers experiencing difficulty in staffing positions can approach local Canada Employment Centres for approval of their application to recruit abroad. Before approving the application, the local CEC must ensure that the wages and working conditions for the occupation(s) under consideration meet the local standard and that there are no qualified Canadians available to fill the position(s). If these conditions are met, the local CEC approves the application for foreign worker recruitment. For a variety of reasons, certain occupations (such as atheletes, medical students, etc.) have been exempted from these procedures.

In 1983, some 21,000 people were admitted to Canada as independent immigrants, including some 6,500 selected workers, about 1,900 business immigrants, roughly 2,100 retired persons, and almost 10,500 spouses and other dependants. Of the 6,500 selected workers some 4,500 were admitted under special provisions (mainly domestics, but it also includes people who applied before May 1982, people selected by the Quebec government and people admitted at the discretion of the Department of External Affairs). Thus, about 2,000 workers permanently came to Canada with CEC validated job offers (i.e., through foreign worker recruitment). In addition, foreign worker recruitment led to the admission of about 131,000 temporary workers (some 52,000 with CEC validation and some 79,000 without CEC validation).

EXPENDITURES

	83/84	**84/85** ($000's)	**85/86**
Independent Immigrants			
Salaries and O&M*	2,213	2,292	2,355
Person-Years*	70	72	73
Foreign Worker Recruitment Policy			
Salaries and O&M	905	950	1,000
Person-Years	32	32	32

* Estimated at 12½ per cent of total recruitment and selection activity costs, it does not include costs incurred by the Department of External Affairs in overseas recruitment.

ASSESSMENT

During the 1960s and into the 1970s, immigration was a principal source of supply of high level blue collar workers to meet the needs of Canadian business. While this was perceived as necessary to deal with the shortage of skilled labour in Canada, research has indicated that the wholesale importation of many types of skilled labour has seriously undermined the development of domestic training. Consequently, moving out of the 1970s and into the 1980s, domestic employment policy attached increased emphasis to the development of domestic sources of supply, through training, with a concomitant reduction in foreign sources of supply. As a result, there has been a major drop-off in independent immigrants in recent years (by almost two-thirds between 1981 and 1983). It also reflects the recent economic slowdown, and the collapse of many planned mega-projects. While these conditions have resulted in a reduced need for foreign workers to fill skill shortages, the situation could change dramatically should the economy recover.

The Study Team's private sector consultations indicated that the importation of foreign workers, either permanently or temporarily, was a controversial area. On the one hand, employers voiced frustration about the difficulty which CEIC has imposed on their attempts to recruit needed foreign workers. On the other hand, labour has complained about the extensive use of foreign workers which has taken jobs away from Canadians and which undermines efforts to train Canadians for future jobs.

As mentioned above, only about 2,000 workers were brought into the country permanently last year under foreign worker recruitment, but some 131,000 were brought in temporarily. An examination of these flows indicates that a large proportion of them are in occupations that, generally, would not interfere with the training of Canadians or that would take jobs from Canadians (athletes, students, etc.) Nor would there appear to be any significant impact on critical skills trades. Thus, in general, it appears that there is an appropriate level of control, at present, on the use of foreign workers in Canada.

However, some 16,000 domestics were admitted to Canada temporarily (some 7,000 for a 12-month term) and another 2,000 permanently in 1984. It has been contended that the reason for this large intake of domestics is that Canadians will not take the jobs. This assertion is based on a review of an attempt to reduce domestic worker importation in 1973. Since then CEIC has taken steps to considerably improve the working conditions and wages for imported domestics (e.g. a domestic is paid $5.50 an hour plus room and board in Ontario) and employment in Canada has deteriorated seriously. It is the Study Team's view that these changes may have been sufficient to warrant a re-examination of the notion that Canadian workers are not available to fill these jobs.

OPTIONS

In the Study Team's view, these controls provide an incentive to business to train Canadians for their labour needs. Under this alternative, however, the Study Team recommends to the Task Force that the government consider reviewing the importation of so many domestic workers to determine whether Canadian sources of supply are as fully utilized as possible.

OUTREACH

OBJECTIVES

To complement regular Canada Employment Centre services by extending them, through contracts for service with community-based organizations, to those members of designated target groups who have severe difficulty competing in the labour market and are unable to be served adequately by their CEC.

AUTHORITY

Unemployment Insurance Act.

DESCRIPTION

This program is administered by Canada Employment and Immigration (CEIC). At CEIC's direction, Supply and Services Canada contracts with community-based organizations to manage Outreach Projects. There are presently 279 Outreach Projects that collectively employ 764 project workers (usually members of the client group they serve). Over 900 communities or institutions are provided with Outreach service through regular or part-time offices and itinerant visits.

Outreach provides intensive individual and group counselling; group advocacy and individual client marketing with local employers; referrals to Canada Employment Centres and other cooperating community agencies; client referrals to training and other programs/services to enable clients to obtain available jobs; assertiveness and job search training; and follow-up counselling to support and reinforce client progress.

BENEFICIARIES

In 1983/84, Outreach projects registered 192,967 clients of whom 68,422 were placed. The program is focused on workers who are extremely disadvantaged in the labour market and for whom special assistance is necessary. The program's target clientele groups are employment-disadvantaged women, youth, natives, disabled persons, offenders and ex-offenders, refugees and immigrants, displaced workers, drug/alcohol dependents and residents of isolated communities.

EXPENDITURES

	83/84*	84/85* ($000s)	85/86
Salaries	1,034	1,284	1,285
Other O&M	77	21,267*	23,211*
Capital	-	-	-
Grants and Contributions	18,572	-	-
TOTAL	19,683	22,551	24,496
Person Years	29.5	34	31

* In 1984/85, the Outreach program was converted from a contribution arrangement to O&M recoverable from the UI Account with estimated UI funds being $21.2 and $23.2 million for 1984/85 and 1985/86 respectively.

ASSESSMENT

Outreach is designed to provide CEC type service to clients deemed as labour market disadvantaged or for whom regular CEC service is seen as inappropriate for assisting the intended target group clientele. It overlaps with regular CEC service and particularly Specialized Youth Units (SYU's) and Women's Employment Counselling Centres (WECC's). It also duplicates youth counselling services as provided by provincial governments and some of the activities undertaken by social service community agencies. This apparent duplication is mitigated by a greater demand for service by this clientele than can be met by all existing services combined.

A preliminary evaluation of Outreach (1977) found no significant change in the employability of Outreach served clientele. In addition, it was noted that two in every three people served by Outreach had had previous CEC contact with 50 per cent of them having visited a CEC one month before Outreach contact. This evaluation was not completed.

The Outreach service is not particularly efficient, with the 1983/84 average cost per placement being $288 as compared to $174 for regular CEC service. Part of this difference can be explained by the greater counselling needs of Outreach clientele and the costs related to service in isolated areas.

Outreach projects have high visibility with their target clientele. There is a continuing demand for new Outreach Projects and for extensions to existing ones on the part of special interest groups representing the target clientele. Attempts to reduce funding or terminate projects have in the past generated considerable lobbying, as Outreach funds represent an important source of revenue for the organizations funded. Organizations representing this target clientele consistently make representations concerning the inability of the regular CEC system to understand and meet their particular needs.

Should the proposed improvements in the regular CEC placement and counselling services recommended by the Study Team (see separate briefing notes on Employment Services-Job Placement and Employment Services- Counselling) take place, particularly as relates to the targeting of service to clients in greatest need, it is possible that the level of expenditure on Outreach projects could be reduced.

OPTIONS

The Study Team is concerned about the lack of available data on the impact of the Outreach Program on the employability of its clients. Accordingly, the Study Team recommends to the Task Force that the government consider undertaking an in-depth review of the Outreach Program.

AFFIRMATIVE ACTION PROGRAM (GENERAL)/ FEDERAL CONTRACTS PROGRAM

OBJECTIVE

To solve the basic problems that leave some groups at a serious disadvantage in the Canadian labour market by promoting the adoption of affirmative action plans to enhance human resource productivity and utilization.

AUTHORITY

Cabinet Decision.

DESCRIPTION

This program is administered by CEIC. It promotes the adoption of Affirmative Action measures in the private and public sectors. It seeks to eliminate or reduce employment measures that individually or collectively limit the entry, training and advancement of women, Native people, disabled persons and blacks in Nova Scotia. The employment practices targeted on are those which inhibit employment opportunities by requiring applicants to possess qualities/skills non-related to successful job performance. These employment practices are frequently referred to as systemic barriers.

The program provides employers with information, training, technical advice and assistance through a national network of consultants in CEIC offices. In the last two years, these consultants have advised/assisted 520 employers and made presentations to 600 more. Affirmative action agreements presently signed provide coverage to some 120,000 employees.

A component of the Affirmative Action Program, the Federal Contracts Program, is focused on employers under contract to the federal government. Of the current affirmative action agreements signed, 28 per cent are with federal contractors who collectively employ some 60,000 workers.

The Affirmative Action Program is supported by specific affirmative action programs within the federal public service.

BENEFICIARIES

The program is of primary benefit to target group members.

EXPENDITURES

	83/84	84/85	85/86
		($000's)	
TOTAL	1,341	1,435	2.435
Person-Years*	31	29	29

* Distributed across CEIC Headquarters and Regional offices.

ASSESSMENT

In March 1984, the Commons Committee on Visible Minorities stated that the program had to be strengthened if it was to have a significant impact on the voluntary development of affirmative action plans by private sector employers. Notwithstanding these difficulties, a study commissioned by the department of the Secretary of State found that the program had contributed to important shifts in employers' attitudes and perceptions towards the target groups.

Employer participation in the program is voluntary. Some representatives of women's groups have argued that legislation to enforce affirmative action in the private sector is required. However, employers are generally strongly opposed to such legislation.

No information is available to assess post-agreement impact on the hiring, training and promotion of target group members.

OPTIONS

Private sector employers should be expected to improve equity in employment in order to diminish social pressures for legislated initiatives. The Study Team recommends to the Task Force that the government consider maintaining this program, in the context of its commitment to employment equity.

NATIVE INTERNSHIP PROGRAM

OBJECTIVE

To enhance the future labour market participation of Native students, both secondary and post-secondary, by providing them with summer employment in CEIC Regional Offices and, to a lesser extent, local offices.

AUTHORITY

N/A

DESCRIPTION

The resources for operating the Native Internship Program (NIP) come from the Summer Canada budget and they are in turn allocated to various CEIC offices throughout the regions and at NHQ. Native students are then hired from the local labour market for summer employment.

BENEFICIARIES

In 1984/85, it is estimated that 480 post-secondary/secondary Native students obtained summer employment with CEIC as a direct result of the program.

EXPENDITURES

	83/84 ($000's)	**84/85**	**85/86** (budget)
	2,183	2,300	2,300
Person-years of employment	113	120	120

ASSESSMENT

Native students employed under this program gain valuable work experience that may, in some instances, be career-related. The program also assists participating post-secondary students in meeting some of their education costs.

NIP is an Employment Equity measure which seeks to guarantee a portion of the summer hiring done by EIC includes Natives. In particular, it helps to foster social interaction between Natives and non-natives in CEC's which have in some circumstances been accused of being insensitive to Native concerns.

OPTIONS

The Study Team recommends to the Task Force that the government maintain this program.

EQUAL OPPORTUNITY PROGRAM

OBJECTIVE

To ensure that recognized under-represented special interest groups are provided with equal opportunity in securing federal government employment.

AUTHORITY

Cabinet Decisions (Women-1971, Indigenous People - 1978, Handicapped People - 1981).

DESCRIPTION

The Public Service Commission (PSC), through its 16 offices established across Canada, promotes the recruitment, referral and selection of special interest group candidates to available positions in the public service. The program is administered by regional and national coordinators of Equal Opportunities for women, natives, handicapped persons and blacks in Nova Scotia. These coordinators conduct information and awareness sessions directed at federal government managers and personnel officers as well as liaising with associations of the various interest groups.

BENEFICIARIES

Federal government departments and members of the under-represented groups.

EXPENDITURES

	83/84	84/85 ($000's)	85/86
TOTAL	1,230	885	885
Person-Years*	26	17	17

* Distributed across PSC offices

OBSERVATION

The government's policy of providing equal opportunity of employment to special interest groups has been reinforced by specific affirmative action initiatives.

ASSESSMENT

The objectives of the program are being addressed through the specific affirmative action measures directed towards women, natives and the handicapped (refer to separate program sheets).

OPTIONS

The Study Team recommends to the Task Force that the government maintain this program.

AFFIRMATIVE ACTION PROGRAM (WOMEN)

OBJECTIVE

To foster the accelerated development of women in the Public Service at middle management levels in order to create an adequate supply of women at the senior management feeder and senior management (SM) levels.

AUTHORITY

Cabinet Decision 294/83 RD (June 22, 1983)
Treasury Board Minute #789462 (July 14, 1983)

DESCRIPTION

This program is administered by the Public Service Commission. It provides referral and counselling services designed to increase the representation of women at the management levels. These services are targeted primarily on women inside the Public Service who occupy middle management positions. For the purposes of the program, middle management positions are categorized as SM-1, -2 and -3 with the SM-1 level being the closest to the SM level.

Career counselling services are provided on request to women at the SM-1 and -2 levels as well as to identified high potential SM-3 candidates. Women from outside the Public Service are also provided with this service when their skills and abilities match identified needs. The referral services complement counselling by the active promotion of female candidates at the SM-1 and -2 levels - marketing women candidates to groups and levels within departments where needs have been identified, encouraging departments to assign women as managerial replacements on an acting basis, etc. The Public Service Commission also provides the capacity for the testing of women's abilities, aptitudes, interests, etc. in support of the program's overall objectives.

BENEFICIARIES

It is estimated that potentially 3,600 women could benefit from the counselling services although the annual target is for 500 consultations. The PSC also intends to actively refer more than 500 candidates per year to selection processes. The program is also of benefit to all departments since it is intended to result in the more effective and efficient utilization and allocation of human resources in the Public Service.

EXPENDITURES

	83/84	84/85 ($000's)	85/86
TOTAL	111	345	345
Person-Years	4	9	9

OBSERVATIONS

Although the female share of total federal employment (40.6 per cent) is approximately equal to their representation in the national labour force, they are over-represented in the lower classification levels. At the end of 1983, the female share of all officer positions was 25.1 per cent with representation in Management Category positions being only slightly greater than six per cent.

The program is national in scope with about 40 per cent of the candidates and potential placement positions estimated to be in areas outside the National Capital Region. It complements the CEIC Affirmative Action Program which targets on private sector employers and provincial governments.

ASSESSMENT

In the first nine months, counselling was provided to 792 women in Ottawa and the regions with 54 women referred to Management Category Programs Branch. It is still too early to determine the overall impact of the program on increasing female representation in middle and senior management positions. In the Study Team's view the program should be maintained at its present level in support of the Treasury Board target to double female representation in SM positions by the end of 1988.

OPTIONS

The Study Team recommends to the Task Force that the government should maintain the program.

AFFIRMATIVE ACTION (INDIGENOUS PEOPLE)

OBJECTIVE

To improve the representation of indigenous people at the middle and senior levels in the Public Service and to provide a resource from which departments can recruit when filling positions.

AUTHORITY

Cabinet Decision.

DESCRIPTION

The pursuit of the federal government's policy of increasing the number of indigenous people in the public service is achieved primarily through the National Indigenous Development Program (NIDP) and the Northern Careers Programs (NCP) which are administered by the Public Service Commission (PSC).

Under these programs, participants are provided training and career development opportunities by being assigned to positions specifically identified for training purposes. Participants may remain in the program for periods of up to 24 months during which, through assignments of a managerial nature, they will develop the skills and qualities required for managerial positions. While they are indeterminate employees of the PSC, they are expected to be qualified in the position for which they have been trained and eligible to be placed in that position through normal staffing process.

The NIDP and NCP are almost identical except that NCP is geographically limited to the area north of 60°. NCP is delivered through PSC offices located in Whitehorse, Yellowknife and Frobisher Bay.

Departments are required to share 50/50 the person-years and salary costs of participants.

BENEFICIARIES

Status and Non Status Indians, Inuit, and Métis.

EXPENDITURES

	NIDP			NCP		
	83/84	84/85	85/86	83/84	84/85	85/86
Person-Years -						
Participants	34	50	75	47	58	58
Administration	10	10	10	14	16	16
Financial ($000's)	165	2,773	3,984	2,472	2,800	2,800

ASSESSMENT

These programs are part of the government's overall affirmative action initiatives.

As of December 30, 1984, there have been 58 persons placed in positions as a result of NIDP. It is anticipated that by the end of the fiscal year, 80 persons will be placed. Of the 360 northern native people who have participated in NCP since its inception, approximately 60 per cent were employed by federal departments upon graduation, 20 per cent were employed by the Territorial governments or native organizations and 20 per cent chose a lifestyle outside government. As of September 1984 there were 49 participants on strength under NCP.

The participation rates suggest that these programs are contributing to the government's affirmative action policies.

There is potential overlap in terms of clients served between these programs and training programs for natives in the Department of Indian Affairs and Northern Development. Unlike the PSC programs, the programs in DIAND do not require authorized person-years.

While it could be argued that NIDP and NCP could be combined, the two programs while both addressed at indigenous people, operate separately with the NCP dealing almost exclusively with Inuit and the NIDP program dealing with Indians and Métis. The participants like this split and little would be gained administratively by combining the two programs.

OPTIONS

The Study Team recommends to the Task Force that the government maintain these PSC programs; it is suggested that the Study Team on native programs review the related programs in DIAND to determine whether they should be consolidated with the PSC programs.

AFFIRMATIVE ACTION (HANDICAPPED PERSONS)

OBJECTIVE

To increase the representation of physically handicapped persons in the federal Public Service.

AUTHORITY

Cabinet decision 294/83 RD (June 22, 1983).
Treasury Board Minute #789462 (July 14, 1983).

DESCRIPTION

The Access program was implemented by the Public Service Commission in September 1983 to facilitate the appointment of physically handicapped persons to indeterminate positions in the federal government. The primary emphasis is on the employment of those who, although qualified in other respects, lack relevant work experience. As a consequence of this targeting, the program provides for a term training/orientation period of up to six months duration. During this period, the hiring department is provided with person-year and salary resources and is also eligible to loan necessary technical aids (magnifying glasses, talking micro-computers, etc.) from a central bank established by the Public Service Commission. Upon completion of this training period, participating departments are expected to hire the trained handicapped persons into existing indeterminate positions. Local Canada Employment Centres are responsible for the recruitment and referral for support positions while the PSC is responsible for all non-support positions.

BENEFICIARIES

It is estimated that the program will create almost 400 training positions for disabled persons during its five-year life span. Persons appointed under the program receive relevant on-the-job work experience. Participating departments, in addition to being able to assess the performance of trainees for future positions, are also made aware of the availability of this relatively untapped labour market group.

EXPENDITURES

	83/84	84/85 ($000's)	85/86
TOTAL	538	1,730	2,230
Person-Years*	33	68	88

* Only 3 of these person-years are for program administration purposes. The remainder are for the creation of training positions in participating departments.

OBSERVATIONS

In the first year of the program, 206 physically handicapped persons were appointed to training positions with 168 of them completing their training. Of those who completed, 75 per cent secured employment in the Public Service with the remainder either resigning (8.9 per cent), receiving unsatisfactory reviews (10.7 per cent) or being terminated due to insufficient departmental person-year resources (5.3 per cent). The program has received considerable federal government support with all of the 1984/85 person-year allotment having been committed within the first three months of the fiscal year. In fact, based on the number of training positions filled in the first full year of operation (206), it would appear that the target of 400 over about 4.5 fiscal-years will be considerably exceeded.

ASSESSMENT

The program appears to have been quite successful with 75 per cent of graduates obtaining federal government employment. Although the program targets on handicapped persons obtaining indeterminate positions, 62 per cent have been term. However, because of restraint, this is not surprising. In the Study Team's view, this program successfully assists a specially disadvantaged group. It also contributes by example to the federal government objective of encouraging the private sector to promote employment equity.

OPTIONS

The Study Team recommends to the Task Force that the government should maintain the program.

FEDERAL EMPLOYMENT PROGRAMS FOR STUDENTS - POSITIONS WITHIN THE PUBLIC SERVICE

PROGRAMS

Career Oriented Summer Employment (COSEP)
Non-Career Oriented Summer Employment (Non-COSEP)
Co-operative Education Program

OBJECTIVE

These programs are directed towards the hiring of students for a temporary period to occupy positions within the federal Public Service.

AUTHORITY

Public Service Employment Act.

DESCRIPTION

The Public Service Commission (PSC), in fulfilling its responsibility for overseeing hiring within the Public Service provides information, guidance and assistance to federal departments in recruiting post-secondary students to fill temporary positions. The responsibility for recruitment and referrals under COSEP and Non-COSEP has been delegated to CEIC. The PSC maintains statistics on applications received and students appointed as well as ensuring that hiring practices are in accordance with established procedures.

BENEFICIARIES

Post-secondary students and participating federal departments and agencies.

EXPENDITURES

Students are hired from within existing approved departmental budget and person-year allocations or funds from federal job creation programs directed towards students (Summer Canada). The services provided by the PSC are from within existing budgets and person-year allocations (total of two PY and $86,000 was identified as total of PSC activity in 1984/85).

ASSESSMENT

COSEP - In 1984 there were 7,530 appointments of post-secondary students under COSEP compared to 6,355 in 1983. Some 5,000 of these positions were funded by the Summer Canada program, an increase of 35 per cent over the 3,695 positions funded in 1983. The Summer Student Customs Officer Program accounted for 508 positions, an increase over the 447 positions staffed in 1983. There were 1,210 Student Placement Officer positions with CEIC compared to 1,233 in 1983. The remaining 810 COSEP positions were those regularly budgeted for by departments.

CO-OP - The number of federal assignments for CO-OP dropped from 967 in 1983 to 797 in 1984. This was mainly due to budget restrictions in the major employing departments. However, greater flexibility has been introduced through Treasury Board authorization for the use of operating budgets (as compared to strictly salary and P/Y budgets) to pay for CO-OP students. This is expected to increase participation in 1985.

Non-COSEP - No information is available on the Non-COSEP appointments.

These programs provide job opportunities and training for post-secondary students and departments benefit from the work performed.

OPTIONS

The Study Team recommends to the Task Force that the government should maintain these programs.

INDUSTRIAL ADJUSTMENT PROGRAMS
INDUSTRIAL ADJUSTMENT SERVICE

OBJECTIVE

To encourage employers and their employees to work together to reduce current and expected labour adjustment problems within their establishments such as worker dislocation arising from plant closures, reduced scale of operations, technological change, employment instability (e.g. absenteeism, high turnover, etc.) and, through human resource planning, to obtain or provide an appropriate work force in the future.

AUTHORITY

Mobility and Assessment Incentives Regulations made through various Orders-in-Council pursuant to the Appropriation Act.

DESCRIPTION

The Canada Employment and Immigration Commission's (CEIC's) Industrial Adjustment Service (IAS), which was created in 1963 under the name Manpower Consultative Service, is a voluntary program targeted at the plant level on firms experiencing or anticipating labour adjustment difficulties. Through formal agreement, IAS provides financial assistance to fund Joint Consultative Committees of management and labour representatives which analyze the labour adjustment problems, develop solutions to them and oversee the implementation of the solutions. Normally, up to 50 per cent of the costs of the work of the Committees is funded, although in special cases, such as bankruptcy, up to 100 per cent funding may be provided (to a maximum of $20,000). IAS also provides up to 50 per cent of the costs incurred by an employer who, faced with a permanent layoff, relocates the affected workers to another of the firm's Canadian plants or to another Canadian employer with whom employment has been arranged. Relocation costs are limited to a maximum of $4,500 per worker.

While all provinces may provide additional funding in support of IAS endeavours, only Quebec has a formal agreement with the federal government to share IAS costs in the case of permanent layoffs (both up to 37.5 per cent for a total maximum support of 75 per cent).

IAS provides advisory support to the Committees. In this way, the full range of CEIC's training, placement, mobility, etc., programs and Labour Canada's Labour Adjustment Benefits (LAB) Program can be brought to bear, in a coordinated fashion, on the labour adjustment problems, usually after private adjustment measures have been exhausted. Without this service, workers and, to lesser extent, their employers would have to avail themselves of these programs on a piece-meal and individual basis. The cost of the use of these programs is not included under IAS funding.

BENEFICIARIES

Since the program's inception in 1963 about 4,000 agreements have been entered into entailing a total expenditure of some $25 million in financial assistance. Much of this expenditure has occurred in recent years with an expected 550 agreements in 1984/85 involving some $6.3 million in assistance. Approximately 50 per cent of the agreements involve permanent layoffs, another 35 per cent involve employment instability and human resource planning, while the remaining 15 per cent involve plant expansion and technological change.

Almost half of the program's 1984/85 expenditures and agreements involve Quebec firms, while another quarter involve Ontario. The program is concentrated in the manufacturing sector (some two-thirds of its activity) with trade and service accounting for most of the remainder (about one-fifth).

While no data are kept on the actual number of workers who directly benefit from the program, the program's managers estimate that some 130,000 workers will be affected by the 1984/85 agreements.

EXPENDITURES

	83/84	84/85 ($ millions)	85/86
Salaries	3.4	3.2	3.7
Other O&M	.5	.4	.4
Capital	0	0	0
Grants and Contributions	6.8	6.3	3.6
TOTAL	10.5	9.8	7.7
Person-Years	87	72	66

ASSESSMENT

An internal CEIC evaluation of IAS is currently in progress. Preliminary data indicate that the program is somewhat effective in promoting and facilitating joint worker and employer labour market adjustments and that it efficiently coordinates the delivery of CEIC and Labour Canada programs in support of such adjustments. Furthermore, it is estimated that some 15 weeks in UI benefits have been saved for approximately 15 per cent of the workers who would have been permanently laid off but who were redeployed to other employment through the program's intervention. This supports a finding from an earlier study which indicates that two-thirds of the workers who faced permanent layoff were re-employed through the efforts of IAS supported placement committees.

The evaluation also showed, however, that only 15 per cent of the workers threatened by permanent lay-off felt that the program helped them find jobs significantly faster (the rest felt that the program had no appreciable impact).

In the Study Team's view, considerable duplication in function exists within CEIC among IAS, the Canadian Industrial Renewal Program (CIRP) and the Modified Industry and Labour Adjustment Program (MILAP). In all three cases, the programs involve the delivery of existing CEIC and Labour Canada programs to displaced workers. It should be noted that CIRP (the labour adjustment portion) and MILAP are delivered by IAS personnel.

In addition to the above duplication, the IAS mobility assistance provision largely duplicates the assistance provided by CEIC's Mobility Program. The basic distinction between them is that IAS reimburses the employer while the Mobility Program pays the worker directly.

Most agreements are negotiated with maximum federal contributions, (i.e. 50 per cent). While the "fifty-cent dollar" feature of the program is attractive, it is somewhat misleading in that businesses may write off their contribution for taxation purposes. Thus, in many cases the federal government is effectively underwriting 75 per cent of the costs.

If the program were eliminated and no redeployment assistance of this type were available, worker confidence in, and possibly acceptance of, the industrial adjustment process would be lessened.

OPTIONS

Within the context of industrial restructuring, in the Study Team's view, there is a clear need for complementary labour adjustment initiatives to aid the redeployment of displaced workers. However, we believe that there is no need for a proliferation of such programs, each with its own budget, clientele (which potentially overlap) and unique benefits (which result in inequities amongst the various clienteles). Therefore, the Study Team recommends to the Task Force that the government consider consolidating IAS with CIRP, MILAP and LAB into a single generalized industrial adjustment program.

As labour adjustment initiatives are essentially mechanisms for marshalling and focusing the array of existing public programs such as training or mobility, in the Study Team's view, there would be no need to provide a budget for the consolidated program, except for delivery and LAB. Rather, notional allocations from existing CEIC program budgets could be established every year and these could be drawn upon, as needed, to facilitate appropriate worker redeployment. Delivery resources would be similar to those currently assigned to IAS (staff to provide advice and resources to support the community, industry or plant committees and any studies that they would undertake), except for the mobility portion which would be consolidated with CEIC's more general Mobility Program.

Within the new program, given its IAS-like approach, consideration would be given to more clearly target the program regionally and by type of labour adjustment problem (i.e. human resource planning, technological change, permanent layoffs, etc.). This, coupled with a more vigorous advertising campaign, could considerably improve the program's capacity to effect worker redeployment equitably and with regard for the greatest need.

Finally, the program could attempt to improve its financial leverage by negotiating more federal/provincial agreements of the Quebec type, by more stringently negotiating contracts with a lower federal contribution (apparently program managers are aiming to limit the maximum contribution in Ontario to 40 per cent), by setting the maximum contribution below 50 per cent or by a combination of these.

Budgeted Regional Allocation of Resources
1984/85 ($ millions)

	BC	Prairie	Ontario	Quebec	Atlantic	Canada**
Salaries*	307	218	945	1,123	479	3,150
Other O & M	25	6	196	94	38	359
Capital	0	0	0	0	0	0
Grants and Contributions	1,024	725	1,675	3,073	1,124	8,296
TOTAL	1,356	949	2,816	4,290	1,641	11,805
Person-Years	7.0	3.7	24.0	23.0	11.9	71.6

* Excluding Employee Benefits

** Includes $78 thousand in salaries, $675 thousand in grants and contributions and two person-years for NHQ.

MODIFIED INDUSTRY AND LABOUR ADJUSTMENT PROGRAM

OBJECTIVE

To provide emergency assistance to those communities and workers most affected by severe adjustment difficulties and by helping displaced workers make the transition to new employment opportunities or to take advantage of early retirement benefits.

AUTHORITY

Appropriation Act

DESCRIPTION

The Industry and Labour Adjustment Program (ILAP) was introduced in 1981 as a framework for delivering special targeted enriched labour and industry adjustment measures - designed to facilitate worker redeployment in communities extremely hard hit by recent permanent declines as a result of industrial adaptation in the economy in response to factors such as international competition and technological change.

Modified ILAP (MILAP), introduced in 1984, discontinued the special industrial incentive component but basically retained the labour market measures (with enrichment on a reduced scale). Measures include training purchases, mobility assistance, wage subsidies for older workers, direct job creation (under CEIC programs), and in some special sectors, pre-retirement income assistance (Labour Canada's Labour Adjustment Benefits (LAB) Program). The program is targeted on smaller towns dominated by a particular sector which is in decline and whose local alternative employment opportunities are limited.

A feature of MILAP is the provision for establishment through CEIC of local Community Adjustment Committees involving the private sector to mobilize local resources to stimulate the adaptation process - including where appropriate, utilization of CEIC and DRIE programs. A $43 million MILAP fund has been established to provide for the cost of labour market programs under this measure for the period 1984/85 through 1987/88.

Criteria against which potential community cases are assessed for possible MILAP designation are as follows:

a. the net loss of permanent jobs in small communities must be 100 or more and represent at least 50 per cent of the total labour force of the area or, in larger communities, must number at least 500 representing no less than 10 per cent of the total labour force;

b. the community area(s) must be in a region with an unemployment rate averaging at least five per cent above the national unemployment rate over the last twelve-month period;

c. the community area(s) must be distant from more buoyant labour markets;

d. the community dislocation must be of a long-term character with little potential for economic recovery in the foreseeable future; and

e. unless there has been significant employment deterioration since the original ILAP designation expired, former ILAP communities will not be redesignated under MILAP.

The special labour adjustment benefits are the same as those provided under the Canadian Industrial Renewal Program (CIRP) except that there are no enhanced training allowances and the enhanced mobility benefit is only two times rather than three times the basic rate.

BENEFICIARIES

Nine community areas have been designated under MILAP:

1. Gagnon/Fermont/Sept-Iles/Port-Cartier/Schefferville, Quebec
2. Labrador City/Wabash, Newfoundland
3. Asbestos, Quebec
4. Thetford Mines, Quebec
5. Corner Brook, Newfoundland
6. Murdochville/Grande Vallée, Quebec
7. Nelson, British Columbia
8. Salmon Arm, British Columbia
9. West Coast Fishery, British Columbia

EXPENDITURES

As MILAP has started only recently, expenditure data are not available. However, total allocations (i.e., the amount of money that has been set aside from the budget) for CEIC initiatives in the nine communities designated to date are as follows:

	84/85	**85/86**	**86/87**	**87/88**
Allocations ($ millions)	8.2	7.8	6.5	3.5

These allocations total $26 million. (It should be noted that actual expenditures may be higher or lower than the allocations depending on the degree to which the community utilizes/needs the money set aside for its adjustment).

Benefits that will be paid under Labour Canada's LAB Program are estimated to account for the remaining $17 million in MILAP's $43 million budget. Such expenditures represent a significant increase in LAB Benefits as in 1984/85, it is expected that $7.5 million in LAB benefits will be paid to 868 claimants who were identified for the program as a result of MILAP (and its predecessor ILAP).

The budgeted resources for operating the program are expected to be three person-years and $3.3 million in salaries and administration costs for 1984/85.

ASSESSMENT

A strong case can be made that measures which encourage industries to restructure, and which include adjustment assistance to redeploy displaced workers, are preferable to the alternative to shore-up, through subsidies or protection, operations which are no longer viable.

A considerable overlap exists within CEIC between MILAP, CIRP and the Industrial Adjustment Service (IAS), in the sense that the programs involve the delivery of existing CEIC and Labour Canada programs to displaced workers (only the focus is different - IAS focuses on plants, CIRP on industries and MILAP on communities). It should also be noted that CIRP (the labour adjustment portion) and MILAP are delivered by IAS personnel.

Although MILAP has not been evaluated, its predecessor, ILAP, has been. One key finding from that evaluation which appears germane to MILAP, is the heavy use of direct job creation in designated communities. This tends to keep displaced workers from relocating, which may be inevitable in the long run. Under ILAP some 50 per cent of the workers availed themselves of assistance through direct job creation. By way of comparison, at least 40 per cent of the 1984/85 allocations for the nine communities designated under MILAP are for direct job creation. Consequently, it is doubtful how much effective worker redeployment will be achieved.

The use of enriched financial assistance to workers to become redeployed more quickly has produced only a limited effect in other adjustment programs. This suggests that the program's intended results are likely to be better achieved by combining it with CEIC's IAS in the targeted delivery of regular programs.

If the program were eliminated and no redeployment assistance of this type were available worker confidence in, and possibly acceptance of, the industrial adjustment process would be lessened.

OPTIONS

Within the context of industrial restructuring, in the Study Team's view, there is a need for complementary labour adjustment initiatives to aid the redeployment of displaced workers. However, we believe that there is no need for a proliferation of such programs, each with its own budget, clientele (which potentially overlap) and unique benefits (which can result in inequities amongst the various clienteles). Therefore, the Study Team recommends to the Task Force that the government consider consolidating MILAP with CIRP, IAS and LAB into a single generalized industrial adjustment program.

As industrial adjustment initiatives are essentially mechanisms for marshalling and focusing the array of existing public programs such as training or mobility, in the Study Team's view there would be no need to provide a budget for the consolidated program, except for delivery and LAB. Rather, notional allocations from existing CEIC program budgets could be established every year and these could be drawn upon, as needed, to facilitate appropriate worker redeployment. Delivery resources would be similar to those currently assigned to IAS (staff to provide advice and resources to support the community, industry or plant committees and any studies that they would undertake), except for the mobility portion which would be consolidated with CEIC's more general Mobility Program.

Under the consolidated and improved program alternative, emphasis would be placed on worker redeployment. Hence, current IAS practice to focus on placement, training and mobility to redeploy workers would be continued, perhaps more vigorously. The use of direct job creation (under ILAP and inherent in MILAP) and LAB (under CIRP) could be used only in clearly appropriate situations and only as measures of last resort. Also, as they appear to be largely ineffective (or unnecessary) in encouraging worker redeployment, enhanced benefits for training (CIRP) and mobility (both CIRP and MILAP) could be eliminated.

CANADIAN INDUSTRIAL RENEWAL PROGRAM
(LABOUR ADJUSTMENT MEASURES)

OBJECTIVE

To foster the development of viable and competitive textile, clothing, footwear, and tanning (TCFT) industries, by helping to restructure, consolidate and modernize TCFT firms.

To assist those communities and workers most affected by Canada's continuing commitment to gradual liberalization of world trade in TCFT commodities by developing and diversifying the economic base of communities heavily dependent on TCFT industries and by helping displaced workers make the transition to new employment opportunities or to take advantage of early retirement benefits.

AUTHORITY

Appropriation Act

DESCRIPTION

The Canadian Industrial Renewal Program (CIRP) was announced in June 1981. Although it is primarily an industrial development program designed to assist the TCFT industries, it does contain a labour adjustment portion designed to aid affected workers. The program runs to 1986.

Labour adjustment measures are administered by the Canada Employment and Immigration Commission (CEIC) and Labour Canada. CEIC's measures began in January 1983 whereas Labour Canada's LAB benefits began in 1971/72 for textile and clothing workers and in 1977 for footwear and tanning workers. Displaced TCFT workers, in addition to normal CEIC training, mobility, job creation, and job placement programs and services, have access to wage subsidies, enhanced mobility assistance, enhanced training allowances, and Labour Canada's pre-retirement income support benefits for older workers. More specifically, these special measures are:

a. Career-Access Program (CAP) - Wage Subsidy - CEIC

A wage subsidy based on a percentage of gross wages is available for workers who are 45 years or over who have been employed 20 out of the last 26 weeks and permanently laid off.

b. Enhanced Mobility Assistance - CEIC

Mobility assistance is increased to three times the basic rate for affected workers wishing to accept temporary employment and up to a maximum of $9,000 for unemployed workers wishing to permanently relocate.

c. Enhanced Training Allowances - CEIC

Trainees receiving UI based on their weekly average insurable earnings are entitled to a supplementary sum consisting of 1/6th of the weekly benefits payable. Trainees not receiving UI will be entitled to an allowance equal to 70 per cent of the average insurable earnings at the time of the layoff.

d. Labour Adjustment Benefits (LAB) Program - Labour Canada

CEIC is responsible for delivering LAB to TCFT workers certified by the Labour Adjustment Review Board (LARB), who are normally between 54 and 65 years of age at the time of layoff. The program provides income support to older workers from the time when they have exhausted all UI benefits until the time they attain the age of 65. If workers accept employment of a permanent, temporary or part-time nature during this period, at an income level less than the amount for which they would be eligible under the program, their income is "topped up" to the program level. The initial level of benefits is 60 per cent of the average insurable earnings before layoff (roughly equivalent to UI benefits).

In addition to the special allowances described above, additional funds have been available to the program for training and job creation should the existing budgets of those programs prove insufficient.

BENEFICIARIES

It is difficult to clearly identify the beneficiaries of CIRP with respect to CEIC initiatives as all workers in the TCFT sector are considered eligible. As a result, all of the regular CEIC programs are used and the special CIRP measures are used only rarely. To illustrate, in 1983/84 some 3,600 TCFT workers underwent training, but only 30 received enhanced training allowances. In total, between 1981/82 and 1983/84 some 750 workers received about $200,000 in enhanced CIRP benefits through CEIC. By way of contrast, workers from TCFT industries received about $36 million in regular CEIC programming, not counting unidentified costs associated with placing about 60,000 of them.

Labour Canada's LAB beneficiaries in the TCFT sector are readily identifiable and appear to be the major users of CIRP funds. In 1983/84, some 2,600 workers were paid $21.3 million in benefits.

EXPENDITURES

No special funds or person-years have been allocated to CIRP for CEIC activities. Rather, notional estimates of expenditures from regular and enhanced CEIC programs, using existing budgets, have been estimated for the program's five-year life (see Annex). However, as most, if not all, of the CTFT demand for CEIC support would probably have occurred anyway, there is virtually no incremental funding for this portion of the program.

Funds for Labour Canada's LAB portion of the benefits, however, are probably fully incremental. In 1984/85, the total LAB program entailed about 3,300 claimants (about four-fifths of whom are former TCFT workers) requiring about $360,000 and six person-years to administer their certification by LARB.

ASSESSMENT

A strong case can be made that measures which encourage industries to restructure, and, which include adjustment assistance to redeploy displaced workers, are preferable to the alternative to shore-up, through subsidies or protection, operations which are no longer viable.

A considerable duplication in function exists within CEIC among CIRP, the Industrial Adjustment Service (IAS) and the Modified Industry and Labour Adjustment Program (MILAP). In all three cases, the programs involve the delivery of existing CEIC and Labour Canada programs to displaced workers (only the focus is different - IAS focuses on plants, CIRP on industries and MILAP on communities). It should also be noted that CIRP (the labour adjustment portion) and MILAP are delivered by IAS personnel.

It can be argued that the CEIC measures delivered under CIRP appear to be illusory. That is to say, without the enhanced benefits portion of the program (which is virtually unused), most of the activity has occurred under regular CEIC programming, and would probably have occurred anyway.

The real part of the labour adjustment portion of CIRP is LAB, and this is growing quite rapidly. This is a source of concern in view of the experience of other countries. In the U.S. extended income support measures for workers affected by trade adjustments were assessed as establishing a continuing dependence on government assistance and inhibiting worker redeployment. Similarly, the experience in France points to the substantial costs involved with special income support provisions for older workers. Under Canada's LAB program, the federal financial commitment to individual workers may extend up to 10 years. As the Assessment Note on LAB shows, there has been almost an eight-fold increase in this program's expenditures in the last four years, largely reflecting CIRP's activities.

The evidence available indicates that CIRP has not put a strong emphasis on the importance of special local program delivery mechanisms (involving both the private sector and government) to assist displaced workers with redeployment, as occurs under CEIC programs such as MILAP and IAS. This is a source of concern in view of the extensive program uptake of LAB, since LAB alone does not encourage workers to become self-reliant.

Uptake of special financial assistance provisions through CEIC measures for permanently displaced workers has been limited. Although there may be valid reasons for this, the evaluation of other adjustment measures indicates that enriched levels of assistance have been found to exert very limited effects on worker redeployment.

If the program were eliminated and no redeployment assistance of this type were available, worker confidence in, and possibly acceptance of, the industrial adjustment process would be lessened.

OPTIONS

Within the context of industrial restructuring, in the Study Team's view, there is a clear need for complementary labour adjustment initiatives to aid the redeployment of displaced workers. However, we believe that there is no need for a proliferation of such programs, each with its own budget, clientele (which potentially overlap) and unique benefits (which can result in inequities amongst the various clienteles). Therefore, the Study Team recommends to the Task Force that the government consider consolidating CIRP with MILAP, IAS and LAB into a single generalized labour adjustment program.

As labour adjustment initiatives are essentially mechanisms for marshalling and focusing the array of existing public programs such as training or mobility, in the Study Team's view, there would be no need to provide a budget for the consolidated program except for delivery and LAB. Rather, notional allocations from existing CEIC program budgets could be established every year and these could be drawn upon, as needed, to facilitate appropriate worker redeployment. Delivery resources would be similar to those currently assigned to IAS (staff to provide advice and resources to support the community, industry or plant committees and any studies that they would undertake), except for the mobility portion which would be consolidated with CEIC's more general Mobility Program.

Under the consolidated and improved program alternative, emphasis would be placed on worker redeployment. Hence, current IAS practice to focus on placement, training and mobility to redeploy workers would be continued, perhaps more vigorously, while the use of direct job creation (under ILAP and inherent in MILAP) and LAB (under CIRP) would be used only in clearly appropriate situations and only as measures of last resort. Also, as they appear to be largely ineffective (or unnecessary) in encouraging worker redeployment, enhanced benefits for training (CIRP) and mobility (both CIRP and MILAP) could be eliminated.

Annex

Estimated CEIC Labour Adjustment Costs: Textile, Clothing, Footwear and Tanning Industries

81/82 to 85/86
($ thousands)

TABLE I

REGULAR CEIC PROGRAMS*	**TOTAL**
Training:	
- Industrial	18,600
- Institutional	9,400
- Critical Trade Skills	4,900
Mobility	500
Job Creation (Canada Works)	7,000
Industrial Adjustment Service (IAS):	
- Agreements	800
- Mobility	300
SUB-TOTAL	41,500

TABLE II

SPECIFIC CEIC PROGRAMS	
Enhanced Training Allowances	921
Enhanced Mobility Assistance	318
Special Job Creation Assistance	2,765
Wage Subsidy	2,765
SUB-TOTAL	6,765
TOTAL PROGRAM COSTS	48,241

* Does not include Work Sharing, regular Career-Access and regular Training allowances.

CANADA MOBILITY PROGRAM

OBJECTIVE

To encourage the geographic mobility of workers for whom work is not available locally, to move workers to meet skill shortages and to move workers from labour surplus areas.

AUTHORITY

Mobility Regulations pursuant to Appropriation Act No. 2, 1966, Appropriation Act No. 3, 1971 and Appropriation Act No. 2, 1973.

DESCRIPTION

The Canada Mobility Program (CMP) is administered by the Canada Employment and Immigration Commission (CEIC). It is focused on responding to the geographic aspect of structural unemployment in the economy. The program is intended to be a supplementary adjustment mechanism. The overwhelming majority of moves in the economy (perhaps as high as 97 per cent) are funded by individual workers/employers assisted by income tax allowances where eligible. CMP is focused on those workers for whom there would be no move without direct and immediate financial assistance. The program is delivered through local Canada Employment Centres, although it is not widely promoted (it is seen more as a counselling tool). To be eligible, it is necessary for applications to be made before the move. Applicants are not subject to a means test. The following categories of workers may be eligible for mobility assistance: (a) the unemployed, (b) those about to become unemployed and (c) the underemployed.

At present, there are five categories of mobility assistance available under the program:

Relocation - Assists a worker who cannot find suitable employment locally to relocate to the nearest area where suitable continuing employment has been obtained. (Effective 1 April 1985, this will be provided only if the job is listed in the National Job Bank or regional job clearance systems.)

Travel to Temporary Employment - Minimum of six weeks to a maximum of nine months duration (includes Student Mobility).

Travel to Seasonal Agricultural Work - Maximum of nine months duration.

Exploratory - Enables a worker who cannot obtain suitable employment locally to attend a specific interview for a job which has been entered into the National Job Bank or into regional job clearance systems.

Special Travel - Provides assistance to enable a person to travel to receive employment services which are not available locally.

In addition, the Mobility Regulations make provisions for:

Trainee Travel - Provides assistance to enable a person to travel to training (under the National Training Act) which is offered in an area other than that in which the person resides.

which is not funded under the program, rather it is funded as part of the training program.

CMP also provides special enriched financial assistance, through the Modified Industry and Labour Adjustment Program (MILAP) and the Canadian Industrial Renewal Program (CIRP) to facilitate the geographic mobility of workers to meet skill shortages or to redeploy workers from local areas where serious unemployment conditions have emerged as a result of permanent industrial declines arising from structural adjustment.

BENEFICIARIES

Overall, in 1983/84, some 40,000 grants were approved for all categories under the program, entailing \$9.9 million in financial assistance. Table 1 details the distribution of clients and expenditures by region and by travel category. From this it is easy to see that while the bulk of the clients (60 per cent) are moved under seasonal agriculture, its low average cost (\$83) results in it accounting for only about 20 per cent of the program's total expenditures. The situation is almost totally reversed for relocation because of its high average cost (\$743) - 21 per cent of the clients, but 62 per cent of the expenditures.

The only other significant travel category is exploratory which accounts for 12 per cent of the clients and 14 per cent of the expenditures. The regional distribution of clients and expenditures reflects the use of the various types of moves and their differences in average costs: British Columbia and the Prairie provinces focus mainly on relocation and exploratory while the eastern and central provinces are the heaviest users of seasonal agriculture.

EXPENDITURES

	83/84 ($ millions)	**84/85** ($ millions)	**85/86** ($ millions)
Salaries and O&M	1.7	2.2	2.3
Grants & Contributions	9.9	13.2	10.3
TOTAL	11.6	15.4	12.6
Person-years	50	62	62

ASSESSMENT

In the Study Team's view, a strong case can be made for some government support to encourage worker mobility in certain circumstances. In this regard, we believe that such support would be of value to the extent that it improves the responsiveness of the labour force in meeting the economy's needs. Moreover, we believe that government assistance for mobility also has a potential role to play in assisting worker redeployment in labour adjustment situations, particularly in declining communities.

However, as regards the present Canada Mobility Program, we have a number of concerns, which are discussed in more detail below, including concerns relating to incrementality and to overlap with other programs.

Available internal CEIC evaluation evidence indicates that the program has been basically targeted on providing assistance to job seekers from areas with below-average employment opportunities. (Some two-thirds of relocation and exploratory clients in 1983/84 came from CEC areas with vacancy/ registration rates below the Canadian average.)

Relocation participants showed an increase of 30 weeks employment in the year following relocation compared to a group of workers who had applied under the program but who were not accepted and did not move. In the case of seasonal agriculture, average employability was increased to six weeks from three. However, while workers experienced significant employment benefits from moving to areas in the economy where there is stronger growth and more job opportunitites, the program had only a limited impact in stimulating incremental mobility. Approximately 80 per cent of the relocation clientele indicated that they would have moved to take the job anyway without having received assistance. In the case of exploratory grants, the extent of incrementality was 50 per cent and in seasonal agriculture 60 per cent. Where the program is focused on assisting workers who would otherwise have moved, there are unlikely to be any net benefits to industry or to the economy as a result of the program itself.

The program overlaps a second mobility assistance measure administered by CEIC under the Industrial Adjustment Service (IAS). Whereas CMP pays grants to individual, unemployed workers, provision exists under IAS for separate mobility adjustment agreements with employers who relocate their workers. The situation is further complicated by provisions that workers covered by an IAS agreement - but not being relocated to another plant within their firm - are eligible for enriched financial assistance under CMP.

There is also some overlap between CMP and federal tax allowances for mobility in that a worker may be eligible for assistance under both. In 1983/84 some $6 million in relocation expenses were paid under CMP (the other forms of mobility grants are not tax deductible). A potential for income tax abuse arises as a result of CEIC not notifying Revenue Canada of the financial assistance it provides and the fact that CEIC does not advise the workers it assists that they must declare the assistance when filing their income tax returns.

The use of enriched financial assistance to workers to become redeployed more quickly has produced only a limited effect in other adjustment programs, including mobility. This suggests that inequities among the various mobility grant recipients are unnecessary to achieve the program's objectives.

OPTIONS

The Study Team recommends to the Task Force that the government consider consolidating the Canada Mobility Program with IAS mobility assistance and the resultant, consolidated CMP budget could be drawn upon, as needed, for industrial adjustment initiatives, such as IAS.

Furthermore, the study team recommends to the Task Force that:

a. the program's cost effectiveness could be improved by eliminating the enriched mobility benefits paid under MILAP and CIRP;

b. potential income tax abuse associated with mobility could be eliminated by CEIC providing Revenue Canada with the names of those who receive mobility assistance and the amounts, and by informing (in writing) those who have received mobility assistance that such information has been provided to Revenue Canada and that they are entitled to claim only those moving expenses which are in excess of the mobility assistance; and

c. the incrementality of the program could be improved by better targeting it on workers who would not otherwise be likely to move.

Table 1

Canada Mobility Program 1983/84 Distribution of Expenditures and Clients by Region and by Travel Category

(per cent)

	Expenditures	Clients
Region		
Atlantic	18.0	17.5
Quebec	22.9	23.7
Ontario	30.4	47.8
Prairie	15.5	5.4
British Columbia	13.2	5.6
Travel Category*		
Relocation ($743)	61.8	20.5
Exploratory ($301)	14.3	11.7
Special Travel ($68)	1.0	3.6
Temporary Employment ($147)	2.2	3.7
Student Mobility ($334)	0.2	0.1
Seasonal Agriculture ($83)	20.4	60.3
Contingency Returns ($250)	0.1	0.1

* Average cost per move shown in brackets.

LABOUR ADJUSTMENT BENEFITS PROGRAM

OBJECTIVE

To provide income maintenance payments to laid-off older workers in designated industries and regions.

AUTHORITY

Labour Adjustment Benefits Act.

DESCRIPTION AND BENEFICIARIES

The Labour Adjustment Benefits (LAB) Program is funded through Labour Canada, but is jointly administered with the Canada Employment and Immigration Commission (CEIC). LAB pays benefits to individuals who have been laid off from an establishment which is part of a designated industry, who have been certified by the Labour Adjustment Review Board (LARB) and who have been assessed by the CEIC as qualifying to receive benefits. LARB, which reports independently to the Minister of Labour, is composed of five people who represent employer associations, employee organizations and the federal government.

The program is part of the array of measures available to provide assistance to workers displaced through industrial adjustment. It extends protection to workers in the same industries that are covered by the Canadian Industrial Renewal Program (CIRP), which includes Textiles, Clothing, Footwear and Tanning (TCFT). In addition, workers in other industries in particular geographic areas designated under the Modified Industry and Labour Adjustment Program (MILAP and its predecessor, ILAP) are eligible. Besides the industry or regional designation, workers, to be eligible for LAB, must generally be aged 54 to 65 at the time of permanent layoff (they may be as young as 47 under special conditions), must have worked in the industry for 10 of the last 15 years, must have exhausted all UI benefits relating to the certified layoff and must have no prospect of employment, or have accepted employment with earnings less than his/her average weekly insurable earnings prior to layoff. In 1983/84 a total of 3,326 workers were in receipt of LAB, of whom over 80 per cent lived in Quebec, some 60 per cent were aged 60 to 65, over 60 per cent were males, and over 70 per cent had elementary school education or less.

Under LAB the initial level of benefits is 60 per cent of average weekly insurable earnings, based on the last 20 weeks worked prior to layoff. If workers accept employment of a permanent, temporary or part-time nature during this period, at an income level less than the amount for which they would be eligible under the program, their income is "topped up" to the program level. Employment-related income which is earned while in receipt of LAB, is deducted from the LAB payments at a rate of 60 cents for each dollar earned. Income relating to past employment received while in receipt of labour adjustment benefits (e.g., employer pension benefits and severance pay) is deducted at the rate of one dollar for each dollar received.

The program operates as a last-resort income maintenance measure for eligibile workers displaced through industrial adjustment under the circumstances noted above. Recipients of LAB have depleted their UI entitlement and are generally not well suited to other adjustment programs (such as training or mobility) or readily employable in other industries because of their age or limited alternative job opportunities. LAB is designed (a) to assist a group vulnerable to considerable hardship as a result of industrial adjustment and (b) to encourage the acceptance of industrial adjustment on the part of the work force. Benefits are payable until the individual reaches the age of 65. As a condition of continuing elgibility under the program an assessment of the individual's prospects of employment is made every six months by CEIC. In addition, the worker must complete and return to CEIC, every two weeks, a reporting card which indicates the amount of any income that he/she has earned during that two-week period.

EXPENDITURES

	81/82	82/83	83/84 ($ millions)	84/85	85/86
Grants & Contributions	5.1	9.3	24.3	40.1	43.4

In addition to the grants and contributions, the program will utilize six person-years and $360 thousand in associated salaries and administration costs.

ASSESSMENT

The program provides assistance in the more severe industrial adjustment situations where workers who are displaced by cutbacks would encounter the greatest difficulties in being redeployed. A strong case can be made for providing support of this type as a means of encouraging acceptability of industrial restructuring within the sector concerned rather than continuing to shore up non-competitive operations through trade protection measures such as tariffs and quotas (which have for some time been a predominant feature of the four key sectors where LAB applies).

The general experience of other countries with extended income support (e.g. France and the U.S.) indicates a need for a very careful and selective targeting of the program - due to the potential for program costs to escalate rapidly and the potential for income support to impact negatively on worker redeployment. As shown above, despite efforts to restrain certification to a minimum in keeping with LAB's last-resort nature, program expenditures have risen dramatically in recent years in Canada, recording almost an eight-fold increase from a little over $5 million in 1981/82 to over $43 million in 1985/86. The number of claimants has also risen sharply over the period, from 765 to 4,434. This largely reflects the introduction of ILAP in 1981 and the impact of the 1981/82 recession on the TCFT industries.

LAB has not, as yet, undergone an evaluation although one is in process. Consequently, it is not yet possible to determine the extent to which the worker eligibility determination process has been precisely targeted on workers with limited alternative employment opportunities and whether post-eligibility monitoring is effectively capable of assessing situations where individual workers could realistically be employed elsewhere.

There is concern about inequities which the program creates in communities where only workers from designated industries qualify although many other people in the community may be as adversely affected, though not directly, from a plant closure.

The joint administration of the program is a source of some inconvenience and confusion to its clientele. First, unions, firms (both on behalf of workers that are being laid off) or, in some cases, an individual worker must make application to the LARB which investigates the case in order to certify that the worker(s) affected by the layoff is entitled to make application to CEIC for labour adjustment benefits. Once the individual has been notified of this he/she must then apply to CEIC where the case will be investigated to assess whether the individual qualifies for benefit. After having been deemed eligible, the individual is paid by CEIC (the amount of which is reimbursed by Labour Canada). In addition, it must be remembered that many potential LAB claimants are determined by CEIC when it designates a community under MILAP and indicates the range of adjustment measures available, including LAB.

If the program were eliminated and no redeployment assistance of this type were available, worker confidence in, and possibly acceptance of, the industrial adjustment process could be reduced.

OPTIONS

The Study Team recommends to the Task Force that the government consider transferring this program from Labour Canada to CEIC. This would reduce the inconvenience and confusion caused by LAB dealing with both CEIC and Labour Canada for benefit determination. It would also present an opportunity to streamline the approval process such that claimants need apply only once for benefit determination. In transferring the program to CEIC the LARB should be maintained as an independent body reporting to the Minister of EIC.

Transferring LAB to CEIC would also permit it to be consolidated into a comprehensive, integrated labour adjustment program which could replace the existing MILAP and CIRP initiatives. The advantages of such consolidation could become even more important in the future should the government decide to accord higher priority to facilitating industrial adjustment within the context of further moves towards trade liberalization.

The Study Team also notes the need to complete an evaluation of the LAB program.

It should be noted that transferring the program to CEIC would not necessitate a legislative change to the Labour Adjustment Benefits Act as a change in Minister only can be executed through Order-in-Council under section 2 of the Public Service Rearrangement and Transfer of Duties Act.

One drawback to transferring the program to CEIC, is that moving the program to a considerably larger department may significantly reduce Ministerial accessibility and attention.

Table 1

1983/84 Distribution of LAB Beneficiaries By Region, Age, Sex and Education Level

(per cent)

Region	
Atlantic	4.4
Quebec	81.3
Ontario	13.5
Prairie	0
British Columbia	0.8
Age	
49-54	4.7
55-59	35.2
60-65	60.1
Sex	
Male	62.5
Female	37.5
Education Level	
No Education	7.7
Elementary (some or complete)	64.8
High School (some or complete)	22.7
Technical/Community College (some or complete)	3.6
University (some or complete)	1.2

TAX EXPENDITURE PROGRAMS

Introduction

The Study Team was assigned five tax expenditure programs for review: Northern Allowance, Moving Expense Deduction, Childcare Expense Deduction, General Employment Expense Allowance, and Employer Paid Fringe Benefits. In our view, the rationale for all of these programs goes beyond job creation objectives and addresses social and equity concerns.

In the case of the Northern Allowance, surveys of employers conducted by the Department of Finance suggest that its impact on employment opportunities in the North is limited. The Study Team also notes that, the Minister of Finance announced in the November 8, 1984 Economic and Fiscal Statement that, inasmuch as the Remission Order will expire at the end of 1985, he would be reviewing the program.

In the case of the Childcare Expense Deduction, the Study Team suggests that the Task Force consider asking the Minister of Finance to review this program to determine its labour market impacts. As regards the Moving Expense Deduction, we have identified a potential for unemployed workers receiving assistance under the Canada Mobility Program administered by EIC to omit declaring this as income and to claim the deduction. We suggest that steps be taken to correct this situation.

As regards the General Employment Expense Allowance and Employer Paid Fringe Benefits, it is not appropriate for the Study Team to assess either of these programs as job creation or training programs given the large number of beneficiaries of both programs and the great difficulty in quantifying any indirect labour market impact. The Study Team also notes that the rationale for both programs, while not entirely clear, appears to be based primarily on social and administrative simplification objectives, not job creation objectives.

NORTHERN ALLOWANCE PROGRAM

OBJECTIVE

To provide compensation to individual workers for the increased expenses and the hardship factor from working in the North.

AUTHORITY

Isolated Posts Benefits and Allowance Remission Order.

DESCRIPTION

Employer-paid benefits such as housing costs and transportation (which are assessed as taxable benefits elsewhere in Canada) are excluded from taxable income in the North. This tax exemption has been provided for many years. Benefits provided by companies established prior to 1981 are not taxed while benefits provided by companies established after 1981 are taxed but on a value that is less than actual cost.

BENEFICIARIES

Workers as designated above. It is estimated that 50,000-70,000 workers benefit from these provisions.

EXPENDITURES

Based on Department of Finance estimates, tax revenue forgone under the program in 1984 is approximately $26 million.

ASSESSMENT

The Northern Allowance provision can be viewed as a wage subsidy implemented through the tax system. At present average weekly wages in the North are approximately 30 per cent above the Canadian average reflecting factors such as higher living costs, hardship, isolation, etc. The reduction in taxation via Northern Allowances reduces the pressure to increase wages even further to attract and retain needed skills. In this context, the program functions as one of a number of financial assistance measures available to firms to support government policies designed to facilitate economic development of the North.

The Northern Allowance Program expires at the end of 1985 and the Minister of Finance in the November 8 Economic and Fiscal Statement announced that he would be reviewing this provision.

Based on recent surveys undertaken by the Department of Finance, it was estimated that on the basis of the new valuation provisions, cancellation of this program would have a relatively minor impact on direct labour costs (five per cent).

On the basis of information provided by the Department of Finance, a large percentage of the program beneficiaries are working for either the federal or territorial governments.

The Study Team also notes that the benefits of tax relief are not applied equally to all employees working in the North.

While elimination of the Northern Allowance would ensure uniform application of the tax system to all employees, both in the North and across Canada, a case can be made for the allowance on social grounds in that to some extent it compensates workers for the increased expenses of working in the North.

OPTIONS

The Study Team notes that the Minister of Finance has announced this program is being reviewed.

CHILDCARE EXPENSE DEDUCTION

OBJECTIVE

To provide assistance to working parents with the costs of children.

AUTHORITY

Income Tax Act.

DESCRIPTION

The Childcare Expense Deduction provides an allowance deductible from annual taxable income of up to $2,000 per child and $8,000 in total. The measure was first introduced in 1972 and its limits doubled in 1982.

BENEFICIARIES

The provision applies to working parents in single families or where both parents are working. The claim is made by the spouse with the lower income. A total of 430,000 families benefited under the provision in 1981. Ninety-five per cent of the claims are made by females.

EXPENDITURES

Based on Department of Finance estimates, tax revenue forgone under the program in 1984 is estimated at about $107 million.

ASSESSMENT

Given its terms of reference, the Study Team has limited its assessment of this program to commenting on its potential impact on job creation and employment objectives.

The deduction provides assistance to working parents with the costs of childcare, and supplements for working parents other child-related assistance available (such as the family allowance and the child tax exemption). While we recognize that this program has objectives other than job creation, we believe that its impact on job creation is potentially significant in evaluating the program. In this regard, we note that the provision may have an effect in facilitating the participation of workers, particularly women, in the employed labour force. However, no evaluations are available on the precise impact of the measure in terms of its incremental effect in increasing employment opportunities for the workers involved. Accordingly, the Study Team believes there is a need to develop a clearer assessment of the program's impact on the labour market to identify the program's job creation effects on beneficiaries vis-à-vis the costs involved.

OPTIONS

The Study Team recommends to the Task Force that the government review the program's impact on labour market participation and job creation.

MOVING EXPENSE DEDUCTION

OBJECTIVE

To provide assistance to individual workers with their costs of job-related relocation within Canada.

AUTHORITY

Income Tax Act

DESCRIPTION

The moving expense deduction was first introduced in 1972 to fill a gap for workers not covered or not fully covered by employer paid moves. It provides for a deduction from taxable income for individuals who moved within Canada to earn wages or self-employed income. For tax purposes the deduction is applied to earned income at the new location (to ensure an employment related move). No claim may be made for expenses which have been reimbursed (by an employer or through assistance provided by another government program). Claimants must also have ceased to carry on business at their former location.

BENEFICIARIES

All workers involved in moves of at least 40 kilometres' distance nearer their new workplace. A total of approximately 100,000 workers received assistance under this program in 1983, with nearly two-thirds identified in income categories of $20,000 or less.

EXPENDITURE

Based on Department of Finance estimates, tax revenue forgone in 1984 is estimated at about $31 million.

ASSESSMENT

In light of its terms of reference, the Study Team has limited its assessment of this program to commenting on its potential impact on job creation, and on issues of overlap relating thereto. To the extent that assistance with moving expenses contributes to increased worker mobility in response to job openings in the economy, it could also contribute to job creation. However, it is not clear to what extent the program actually has a positive impact on job creation since it has not been directly evaluated in these terms.

A further concern identified relates to possible overlap between the tax provision and assistance available to unemployed workers under the Canada Mobility Program (CMP) administered by Employment and Immigration Canada - with the latter measure intended to be available for workers who require initial direct financial assistance to move. At present, it is possible for workers to receive a direct cash payment under CMP but omit to declare it for tax purposes. The possibility of workers benefiting under both measures is a potential concern. This could be corrected by EIC providing Revenue Canada with notification of workers it assists.

OPTIONS

The Study Team recommends to the Task Force that the government should address the potential problem of unemployed workers receiving a direct cash payment under the mobility program but omitting to declare it for tax purposes.

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